

Nation's Business

A USEFUL LOOK AHEAD

AUGUST 1963

TOMORROW'S COMPETITION

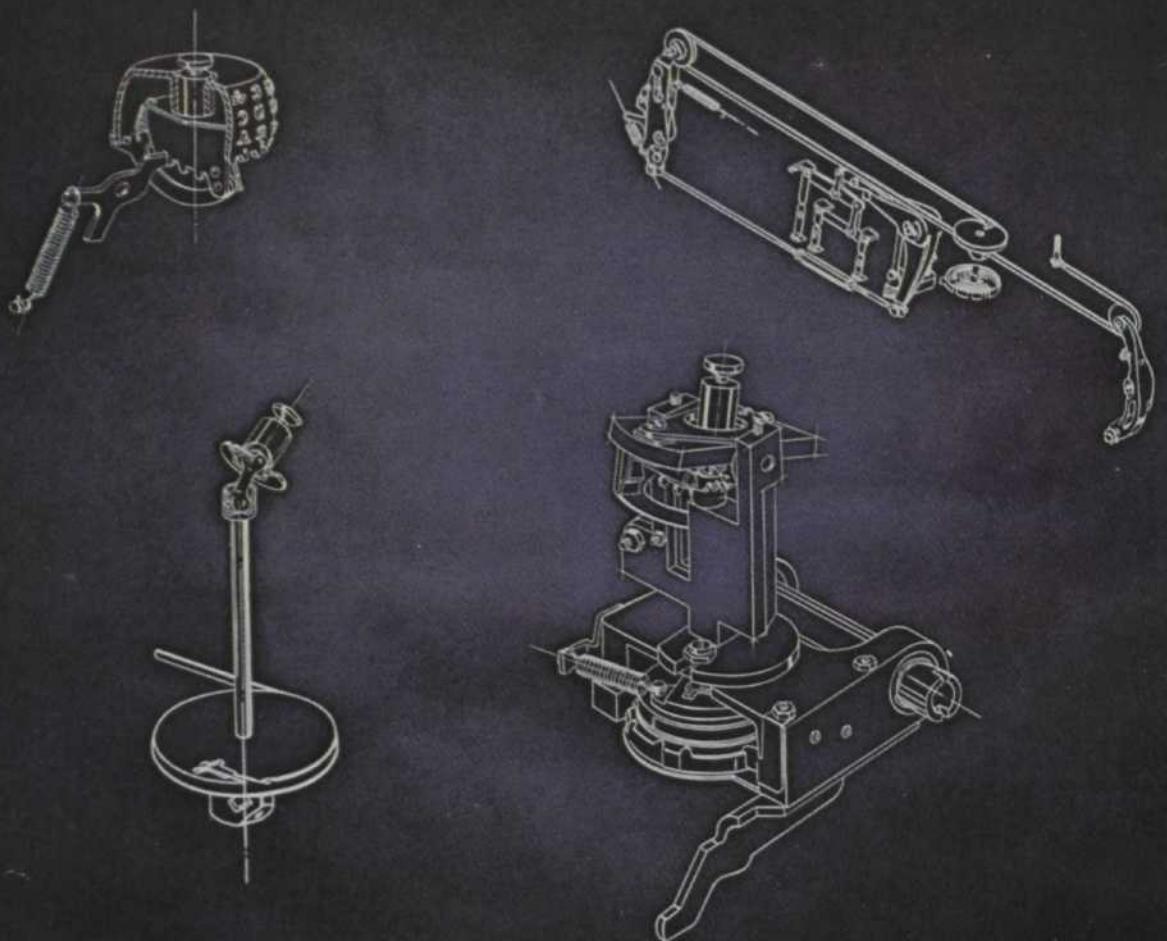
*Special four-part look at the future
and how to get ready for it* **PAGE 29**

Private plans cut health tax need **PAGE 44**

Economic forecast: sounder growth **PAGE 74**

How to sell more now **PAGE 38**

Self-help brightens job outlook **PAGE 52**



The new IBM Selectric™ is no ordinary typewriter! It has no typebars, no moving paper carriage. Instead, a selective printing element skims across the page, typing out characters faster than the eye can see. And it can be changed in seconds to adapt type styles to many applications. The new IBM Selectric Typewriter is the result of 15 years of research—developed and engineered to meet the demand for faster business communications. It is the typewriter that puts the future at your finger tips today.

IBM.

Why are so many promising men "failures" at thirty?

men who think that success is only a matter of "a few years" are failures . . . whatever their age!



1. "The most dangerous enemy of personal progress in business is indecision . . ."



2. "Aimlessly shifting from job to job adds nothing of value to one's experience . . ."



3. "We believe we've learned, over the years, the secret of succeeding while you're still young . . ."



4. "And we're always happy to pass along our suggestions to anybody who is genuinely ambitious."

By James M. Jenks

MOST BUSINESS LEADERS agree that the years from thirty to forty are the decisive ones for young men who hope to become major executives.

Often their twenties are spent orienting themselves to the commercial world—experimenting, searching, changing from one kind of business to another, or from department to department.

But when a man reaches thirty, he should surely know where he plans to go. And he should begin to take definite steps in that direction. Otherwise, he risks the danger of moving about aimlessly for the rest of his working days.

Why do so many promising men fail to solve this elementary question of direction? Why do they waste so much precious time switching jobs and objectives until all hope of success has passed them by? The answer, quite simply, lies in their refusal to face a question which is fundamental to the progress of every businessman:

"How important are the rewards success will bring to me and my family? Am I willing to sacrifice a great deal of time, to devote myself wholeheartedly to my job and to work hard in order to make—not just a living—but a substantial success?"

We try never to influence a man's thinking on this question. The answer must come from within himself.

It would, of course, be unrealistic not to recognize that success in business demands its price. Top management men are required to shoulder burdensome responsibilities—to work abnormally long hours—to spend less time with their families than they would like.

Further, not everybody has the native

ability, the vision and the "drive" to be a leader.

Thus each man should take a hard, objective look at himself—and come to an honest conclusion as to what his goal in business should be.

If you are ambitious, have at least average ability and intelligence, and look upon business as an exciting challenge rather than as drudgery . . . the Alexander Hamilton Institute can provide you with expert guidance and counsel.

The Institute, while functioning in much the same way as the home study Extension Divisions of our great universities, is geared precisely and practically to the needs of management-minded men.

Each day, as a subscriber, you come a little closer to your chosen goal. You grasp a clearer understanding of the principles which underlie all major departments of business. In a matter of months, you learn business practices which would, ordinarily, take years to master.

Send for Your Copy of "Forging Ahead in Business"

Many years ago, the Institute published an unusual little book on the subject of personal advancement titled "Forging Ahead in Business." It was offered, without cost, to ambitious businessmen, and the response was overwhelming.

Each year since then, we have made whatever changes were necessary to keep "Forging Ahead in Business" up to date and as refreshingly candid as the first edition.

The latest edition is now off the press, and is again being offered, with our compliments, to anybody who is genuinely interested in improving his position and his income.

The current issue explains why literally

thousands of businesses and businessmen fail every year . . . in time of prosperity as well as depression. It tells what a man must know . . . what he must do . . . to make upwards of \$15,000 a year. It lists the eleven essentials of business, and shows how they relate to each other.

But make no mistake. "Forging Ahead in Business" holds nothing for the man who seeks an easy, pat formula for success. Its only "magic" lies in the widespread influence it has had in persuading thousands upon thousands of mature men to supplement their specialized knowledge with broad training in all departments of business.

The booklet is mailed, upon request, without cost to you. The price we expect you to pay is the 30 to 60 minutes it will take you to read and absorb its 48-page message.

Its value, of course, depends entirely on what you decide to do with the information in the booklet. If you act while time is still on your side, you may find—as others have found before you—that its pages contain a fortune. Simply fill out and return the coupon below; and the booklet will be mailed to you promptly.

ALEXANDER HAMILTON INSTITUTE
Dept. 483, 235 E. 42nd St., N.Y. 17, N.Y.
In Canada: 57 Bloor St., W., Toronto, Ont.
Please mail me, without cost, a copy of the
48-page book—

"FORGING AHEAD IN BUSINESS"

Name.....

Firm Name.....

Business Address.....

Position.....

Home Address..... 44

Nation's Business

August 1963 Vol. 51 No. 8

Published by the Chamber of Commerce of the United States
Washington, D.C.

7 WASHINGTON BUSINESS OUTLOOK

Steel trends point to another good year; why prospects are good for jobs, work hours, income, personal consumption

14 EXECUTIVE TRENDS: Selling pace quickens

Wiser marketing steps become a must in more competitive business climate; here's blunt talk on the subject of firing

21 WASHINGTON MOOD: Too many stops

Packing several visits into President's overseas itinerary serves to dilute impact of enthusiastic welcomes received

25 STATE OF THE NATION: Rediscovering lost virtue

Basic principles of American government will be the issue when nation elects its representatives to Congress in 1964

29 TOMORROW'S COMPETITION

Four special articles examine how competitive forces will become sharper in the years ahead, change more rapidly

30 Executives tell how to meet it

Leading businessmen preview differences in the way you will do business and tell you how you can plan for them now

32 U. S. goals require new federal policy

Future demands competition which will spur efficiency and growth; government's view now fosters "soft competition"

34 Labor cooperation will grow

Union experts say time was never better for getting help in cutting costs; authorities recommend rules you can follow

36 Imports will sharpen business skills

Threat from foreign-made goods is growing; top company officials describe how you can outsell them in U. S. market

38 How to sell more now

A veteran sales authority tells you in this interview about today's marketing problems and the ways to help solve them

40 A LOOK AHEAD: Construction heads upward

Record volume of new construction expected by year's end; debt ceiling issue prompts new scrutiny of federal spending

44 **Private plans cut health tax need**

Political campaign for compulsory hospitalization scheme ignores strides made by insurance firms, other realities

49 **PERSONAL OUTLOOK: Who'll enjoy more leisure?**

Expert predicts that top executives in American business may well work harder and have less free time in the future

52 **Self-help brightens job outlook**

Attempts to shorten idle period between jobs can be helped by more effective means of matching applicants, openings

56 **WORLD BUSINESS: Overcapacity is new threat**

Where manufacture of steel grows fastest; analysis of patent sales by Soviets; outlook for the market in Indonesia

64 **New guides help you plan**

Increased economic information is now becoming available for use in assessing markets, competitors, own prospects

68 **How to handle a bigger job**

New opportunities that come with a more responsible job can be exploited to help you cope with the heavier burdens

74 **Economic forecast: sounder growth**

Influences that will add strength to future business and the rates of expansion you can expect are previewed by expert

79 **SPECIAL LETTER: Inflationary pay**

New move getting under way in Congress would establish double wages for overtime; here's how issue shapes up

86 **Think things through**

Success or failure of a plan will often show up in advance if you weigh all the effects it could have on your company

90 **Profits make jobs**

Profits should concern politicians as much as joblessness; when they are high, unemployment is low and vice versa

Nation's Business is published monthly at 1615 H St. N.W., Washington 6, D. C. Subscription rates: United States and possessions \$19.75 for three years; other countries \$10 a year. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. ©, 1963, by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only.

MORE THAN 750,000 SUBSCRIBERS IN BUSINESS AND INDUSTRY



Editor & Publisher
Alden H. Sypher

Adm. Assistant
Ruth D. Howard

Managing Editor
Jack Woolridge

Associate Editors
Kenneth W. Medley
Paul Hencke
Joseph M. Gambatese
Tait Trussell
Theodore D. Drury
Jeffrey S. O'Neill
John R. Gibson

Art Director
Ralph Patterson

Adm. Assistant
Mary W. Davis
Associates
J. Thomas Engeman
Harold Baskin
Norman W. Favin

Production Manager
W. Lee Hammer

Business Manager
William W. Owens
Advertising Director
Herman C. Sturm
Circulation Manager
John C. Loest

How to solve business problems

If your switchboard gets jammed when calling gets heavy...



Dial-PBX service could be the answer. It lets employees dial internal and outgoing local calls directly, so your switchboard attendant can give priority attention to incoming calls. Features compact, desktop consoles like the one above, with many modern, push-button conveniences.

If better branch-to-headquarters communications could help you...



New dial teletypewriter service may be what you need. It will give you fast, written communications with your outlying branches, as well as with any of 60,000 other nationwide TWX users. You can use your own clerical forms. Transmission is two-way—and can even be to unattended machines.

Have a talk with this man!

He's a Bell Telephone Communications Consultant. He knows modern business communications inside and out—and how to apply them to everyday business problems to sharpen efficiency, control costs and boost profits.

He's done it for hundreds of firms like yours.

Let him study your operations and make his report to you. It won't cost you a cent—and his recommendations might mean extra profits for you. Get in touch with him soon. Just call your Bell Telephone Business Office and ask for a Communications Consultant.



BELL TELEPHONE SYSTEM

with better communications

If you have to gather operating data from many points...

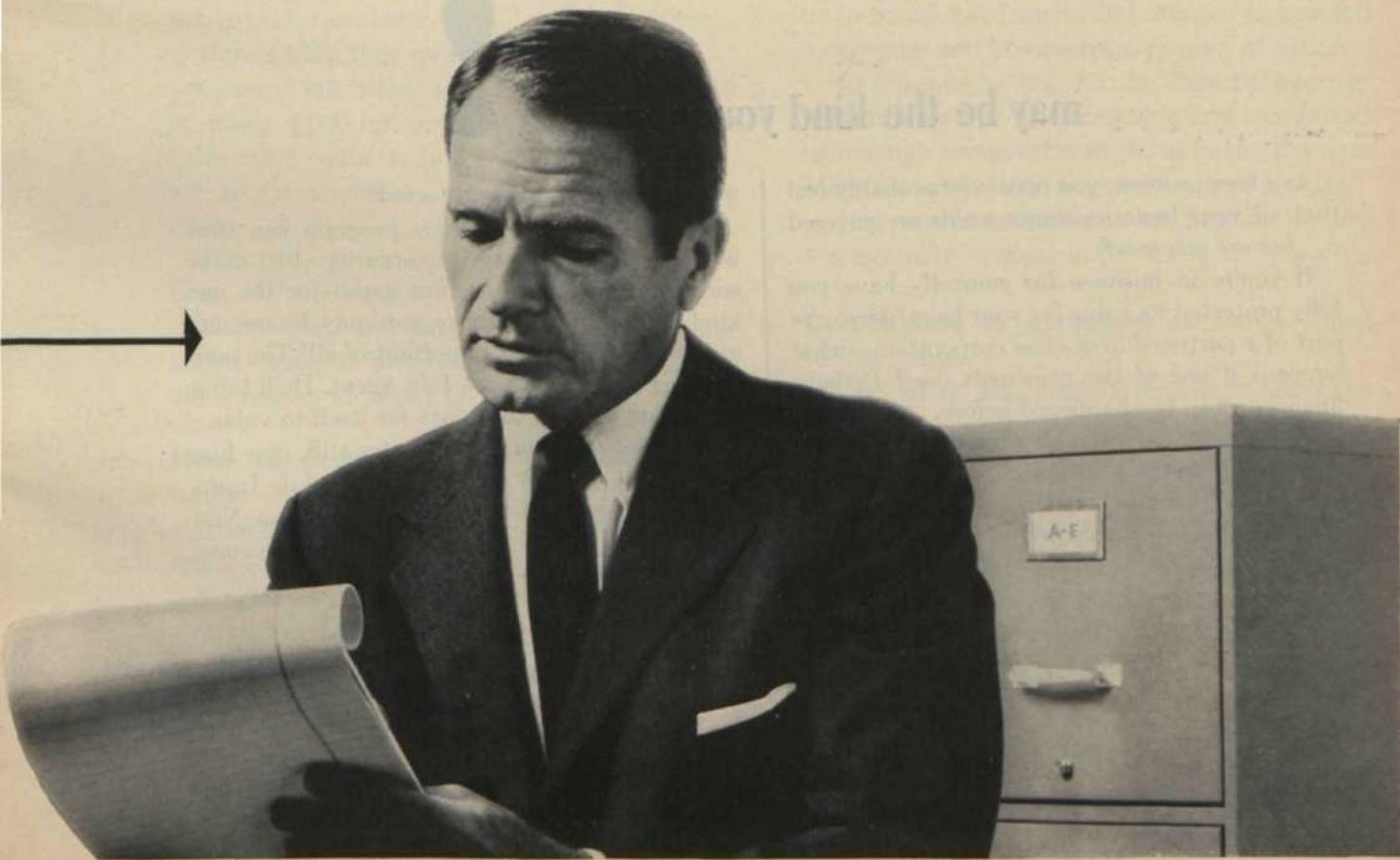


DATA-PHONE service can speed it up for you. This new concept in communications lets you send all kinds of business data (from cards or tapes) over regular telephone lines at regular telephone rates. You can even transmit drawings. Transmission speed: up to 2500 words per minute.

If your internal communications are slow, awkward...



The **CALL DIRECTOR®** telephone with Bell intercom is for you. It lets you hold calls, add-on other inside phones to outside calls, set up telephone conferences—with push-button ease. It automatically connects you to busy inside phones when they are free. It gives you complete interoffice privacy.



The most important kind of business insurance

may be the kind you're missing



As a businessman, you may very probably feel that all your basic insurance needs are covered . . . *but are you sure?*

If you're in business for yourself—have you fully protected its value for your heirs? If you're part of a partnership or close corporation—what happens if one of the principals dies? Perhaps financial ruin. It's happened before.

With regard to valuable employees, it's true that strong group, health and pension programs can help attract and hold them—but what about the long illness or unexpected death of one of your company's "key men"? Would this be a

severe blow? Are you protected?

A well-rounded insurance program can turn doubt and uncertainty into security. Just make sure there are no important gaps—for the one kind of business insurance you may be missing may well be the most important of all! The man to see is your New York Life Agent. He'll tailor a program for you that pays for itself in value.

Why not call him soon? Better still, give him a ring right now. Or write New York Life Insurance Co., Dept. NB-5, 51 Madison Avenue, New York 10, N.Y. (In Canada, 443 University Avenue, Toronto 2, Ontario)

New York Life

LEADER IN BUSINESS INSURANCE

LIFE INSURANCE • GROUP INSURANCE • ANNUITIES • HEALTH INSURANCE • PENSION PLANS 

WASHINGTON BUSINESS OUTLOOK

Tax cut will go through—but not soon.

Action is moving ahead slowly and may be sidetracked until next year.

Probable effective dates when vote finally is taken:

January '64 and January '65, meaning two-step reduction.

Legislative strategists believe this will be most likely outcome.

Administration leaders will keep pressing for vote this year.

But view on Capitol Hill now is that new tax legislation will be hard to put through Congress—despite widespread acceptance of idea that lower rates are needed.

Too many problems to overcome before final passage, says one lawmaker privately.

What stands in way of early action is this:

There's no final agreement on which taxes to cut, which to boost—and how much.

Tax-writing committeemen want to broaden tax base, for example.

Here's what they mean:

Government study shows that only \$43 out of every \$100 of personal income is taxed. Lawmakers want to increase this proportion, are so far unable to agree on how it's to be done.

Other things stand in way as well but this is basic tax roadblock.

Meanwhile, pressure of other legislative issues—such as discussion of civil rights—provides reason for delay on taxes.

How to deal with competition in the future.

That's top executive worry, factor to keep in mind when thinking and planning ahead.

Forces of competition will come from new and surprising directions, change way you do business.

It's sure to be a dominant characteristic that'll set next five to 10 years apart from past, especially years since World War II.

Nation's Business asked leading executives for their views.

Thomas B. McCabe, chairman of Scott Paper Company, says:

"For American business to cope successfully with the intense competitive factors that face us means that we must take a long, hard look at our deficiencies and take more vigorous steps to correct them."

First need for the future is how to improve selling.

New scientific discoveries and inventions are coming in such rapid sequence, Mr. McCabe says, that we are in a constant state of surprise and wonder at man's ingenuity.

"Similar developments have not been forthcoming in the social sciences, particularly those dealing with human relations and motivations. It is this discrepancy that should cause us to pause, take stock, and proceed to develop a vigorous and comprehensive plan of action."

To improve selling, Mr. McCabe believes we need to develop "an acceptable and recognized technology comparable to those in the physical sciences—chemistry, engineering, and physics."

This would reduce risk of product failure and promote success in profits.

Confidence is stressed as another need for the future.

Lack of it, Mr. McCabe believes, has been a serious deterrent to our economic growth. He calls it the priceless ingredient vital to public welfare.

Government can play an important role in this respect, he says. "The government influences business not only by direct purchases of goods and services but also by fiscal policies, laws, innumerable regulations, and—particular-

ly—attitudes. In all these areas there is a challenge to students of the social sciences, for unless we understand their full import we can subvert the wealth-producing elements in our society."

Competition will provide new ways to boost standards of living.

That's view of Augustus C. Long, chairman of Texaco, Inc.

"The high standard of living in this country has been accomplished through the operation of the free enterprise system, the foundation of which is competition.

"Competition promotes the manufacture of quality products and results in more efficient operations, improved services, and more intensive research."

There's no doubt, Mr. Long says, that free enterprise will expand and that competition will become more intense.

"Those who are to survive and prosper must constantly be aware of such competition in order to maintain their trading positions in domestic and foreign markets."

Competition, he says, will be best means through which to obtain economic progress for all people of the world.

You can expect some failures resulting from future competition.

Joseph B. Hall, board chairman of Kroger Company, tells *Nation's Business*:

"The retail revolution—with everyone going into everyone else's business—results in increased competition.

"There may be some shaking out process in the years ahead."

He thinks another result will be improved profitability—for firms that survive. Cost reduction plus better merchandising programs will help bring about this improvement.

Other views on competition—page 30.

Another good year ahead for steel.

Almost 60 million ingot tons were produced during first six months.

Production during remainder of year will make best total since '57.

Production currently is running below the swift pace of May, June, July, although still well ahead of year ago.

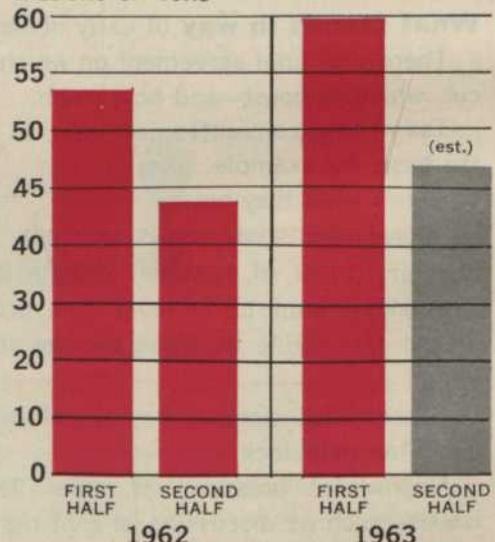
New spurt of production is expected to begin next month and carry on through '64.

Year ahead could equal this year in output.

There'll be one difference: Production is expected to be more steady, factor that will help profits for the industry.

Steel to make 107 million tons

MILLIONS OF TONS



Government spending will rise above previous guesses.

This trend is indicated by new forecasts of spending programs for fiscal '64.

Year's now one month old.

Government already has spent more than \$8

WASHINGTON BUSINESS OUTLOOK

billion—11 months to go toward biggest year ever.

Pace of spending will pick up during fall months, go up more next spring.

Congress is sure to be asked to vote supplemental funds next winter to finish out the year.

One result of bigger federal spending will be bigger deficit.

It's possible, say specialists, that deficit will average \$1 billion a month.

Next budget review may come in late September or early October.

At that time you'll get newest information about future course of government operations.

You'll also get some detailed information about government soundings of business prospects for year ahead.

Measure of the future: U. S. manufacturers can expect to produce as many automobiles in the next 22 years as they did in all time from birth of the auto industry until now.

Here are some reasons why economists see bright future for autos:

One out of four U. S. families has no car at all.

More than half the cars on the road are five years old or older.

Scrapage rate is picking up as older cars wear out.

Multicar ownership is zooming, up 90 per cent in eight years, more to come.

Surprise import trend: Number of foreign cars being sold in this country is rising, not falling as expected.

Sales follow this trend:

Biggest number of foreign sales came in '59. Number nosedived two years in a row, rose, then fell off again.

Now imports are rising, surprising experts. Foreign cars are selling at a rate about 50,000 a year higher than was expected.

Annual production rate of \$600 billion is expected in six to eight months.

That's total output of goods and services, up \$100 billion since '60.

Current upward trend is expected to carry on into '64.

Here's check list of business indicators:

Jobs—Approximately 70 million Americans are at work. Unemployment is improving.

Hours of work—Average workweek is growing longer in manufacturing, particularly in durable goods production. This foreshadows an upturn in new hiring for months ahead.

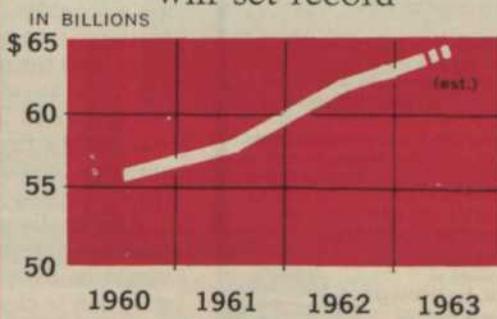
Pay—Factories are paying an average of \$2.46 an hour, seven cents more than year ago. Wage and salary payments never were higher. Same's true of business and professional incomes. Farm income is down from year ago.

Spending—Consumption of goods and services is sure to set a record this year, total for nation currently exceeding \$1 billion a day.

Foreign trade—Improving slightly as foreign countries buy more from U. S.

Imports also are rising.

New construction will set record



THE LUCKIEST \$7 I EVER SPENT

By a Wall Street Journal
Subscriber

Not long ago I picked up my first copy of The Wall Street Journal. I expected dull reading. Imagine my surprise when I found some of the best articles I'd ever read!

I sent for a Trial Subscription. For the first time in my life I began to understand why some men get ahead while others stay behind. I read about new inventions, new industries and new ways of increasing my income. Also I got ideas on what to do to reduce living expenses and taxes. My Trial Subscription to The Journal cost me \$7. It was the luckiest \$7 I ever spent. It has put me hundreds of dollars ahead already.

This story is typical. The Journal is a wonderful aid to men making \$7,500 to \$30,000 a year. To assure speedy delivery to you anywhere in the U.S., The Journal is printed daily in seven cities from coast to coast.

The Wall Street Journal has the largest staff of writers on business and finance. It costs \$24 a year, but in order to acquaint you with The Journal, we make this offer: You can get a Trial Subscription for 3 months for \$7. Just send this ad with check for \$7. Or tell us to bill you. Address: The Wall Street Journal, 44 Broad St., New York 4, N.Y. NB-8

THE LONELIEST MAN IN TOWN... he may be YOU!



As "top management",
you have many
assistants, but
for the final
decision...
you are all alone.

IF YOU HAVE TRUCK FLEET DECISIONS...

National Lease

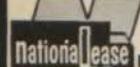
has a plan that allows you to COMPARE full-service truckleasing with the costs and headaches of your present truck plan.

Now, the ADD-A-TRUCK plan (as you expand), the REPLACEMENT plan (as you retire older trucks) or the PILOT plan ("test" leasing in one region or division), allows you to COMPARE one-invoice NATIONALLEASE service with the thousand-and-one headaches of bills, licensing, insurance, tires, parts, maintenance, and the normal as well as emergency problems of your present program. DON'T FREEZE YOUR NEW CAPITAL in trucks. Get full service truckleasing with a NO capital, NO upkeep, NO worry NATIONALLEASE PLAN!

A nationwide network of
LOCALLY OWNED, NATIONALLY
EXPERIENCED affiliates.
Write for Free literature.



Lease a new
CHEVROLET
or other fine truck



NATIONAL TRUCK
LEASING SYSTEM

Serving principal cities of the United States and Canada
23 E. Jackson Blvd., Suite E-8, Chicago 4, Ill.

Business opinion:

Business leader disputes experts on success

I HAVE READ with interest "What It Takes to Be Successful" [June] and find myself in sharp disagreement with the "experts."

While I am no living example of success, I have been with one company for 53 years and have observed the lives of successful men.

Everybody agrees that integrity is number one, and that goes without saying. Without integrity nothing else counts.

However, in my book "willingness to work hard" is number two. And yet the experts rate this number seven. I have never heard of a successful businessman who wasn't a hard worker.

J. M. FRANK
Board Chairman
ILG Electric Ventilating Co.
Chicago, Ill.

Court and Constitution

The article by Felix Morley regarding the Supreme Court's decision on elections [May] is interesting and prompts this comment.

Mr. Morley must prepare himself for a change because it will come. The mere fact that a Supreme Court reverses itself on an important issue is not a fact of which anyone should be ashamed. This is a tribute to the form of government which is flexible enough to accommodate great change without revolutions and chaos.

The matter of comparing Georgia's county unit rule with the United States Electoral College is a point well taken, but the Court could not rule on a question which was not before it. The Georgia unit rule was before the Court and only that question could be decided at that time.

Any challenge as to the constitutionality of the Electoral College would be defeated because the Constitution is clear and the procedures followed are clearly constitutional. Whether the Electoral College's procedures make good sense is another question. Mr. Morley's confusion is rooted in his attempt to make the law consistent and run on a straight

line in accordance with his thinking.

We should be thankful that our Founding Fathers devised a system of government which could adjust itself to change, because otherwise there would surely have been more than one bloody revolution in our history.

JAMES M. WALTON
Attorney at Law
Chicago, Ill.

Tax collector misses bet

"Who Framed the Tax Plan" [April] refers to [Assistant Treasury Secretary Stanley L.] Surrey's opinion that Congress was giving a very large break to homeowners by not requiring them to count as income the rental value of their homes.

For a look a little farther down the path plotted by income imputers, we can turn to Surrey and Warren, "Federal Income Taxation," 1960 edition, where the following quotation from Marsh, "The Taxation of Imputed Income," appears:

"Another major source of imputed income is the tedious and unrequited labor of housewives. Pigou has immortalized the innocent man who reduced the national income by marrying his housekeeper. Under our statute he would be able also to reduce his income tax liability, since he could maintain the same level of comfort with a smaller cash income than before. The imputed wages of his wife should be at least as great as the cash wages of his housekeeper. But the former do not appear in the taxpayer's accounts, and he receives tax free the excess of her imputed wages over the cost of her subsistence."

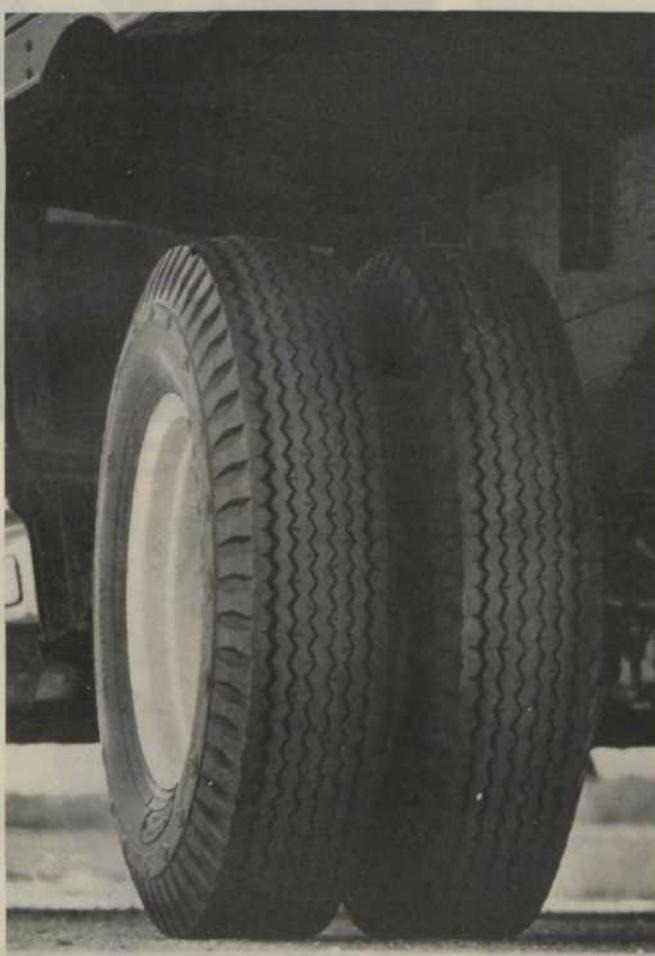
PAUL L. LATHAM
Counsel
Continental Casualty Company
Chicago, Ill.

Solves real problem

"You Can Keep Morale High" [March] is an absorbing article which adequately states a problem that exists in many companies.

T. L. FIELDS
Supervisor of value analysis
Cummins Engine Company, Inc.
Columbus, Ind.

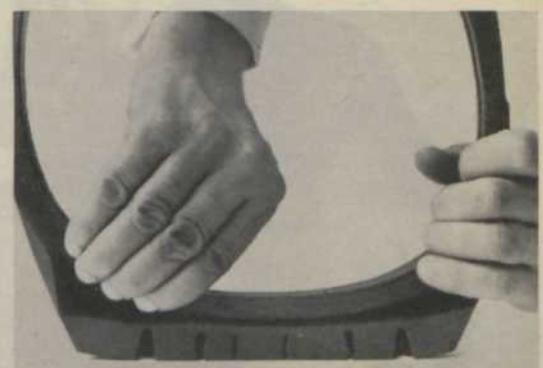
Never before a truck tire with so many mileage-stretching features!



1 Puts more rubber on the road. New Super Hi-Miler continuous ribs give you a solid footing. No squirmy little tread elements that chip or scuff away. Wider tread, too, reduces rate of wear.

TUFSYN

3 The new tough synthetic rubber, exclusive with Goodyear, adds extra durability for extra thousands of miles! Never in Goodyear tire history has there been a synthetic rubber so rugged.



4 Less friction in flexing. Super Hi-Miler dual-compounded treads are far tougher on the outside, more resilient on the inside. Less heat; longer wear!

5 COOLER RUNNING. Up to 25° cooler! The unusual combination of design, construction and compounds in Super Hi-Miler lowers internal heat, gives you more recaps.

6 SOFTER SOUND. Zigzag groove length is acoustically engineered to muffle tire noise at high speed.



2 Eliminates groove cracks and tears. Exclusive "expansion chambers" in Super Hi-Miler grooves soak up the shocks and strains of rolling over curbs, hitting chuck-holes . . . help to compensate for normal tire growth.



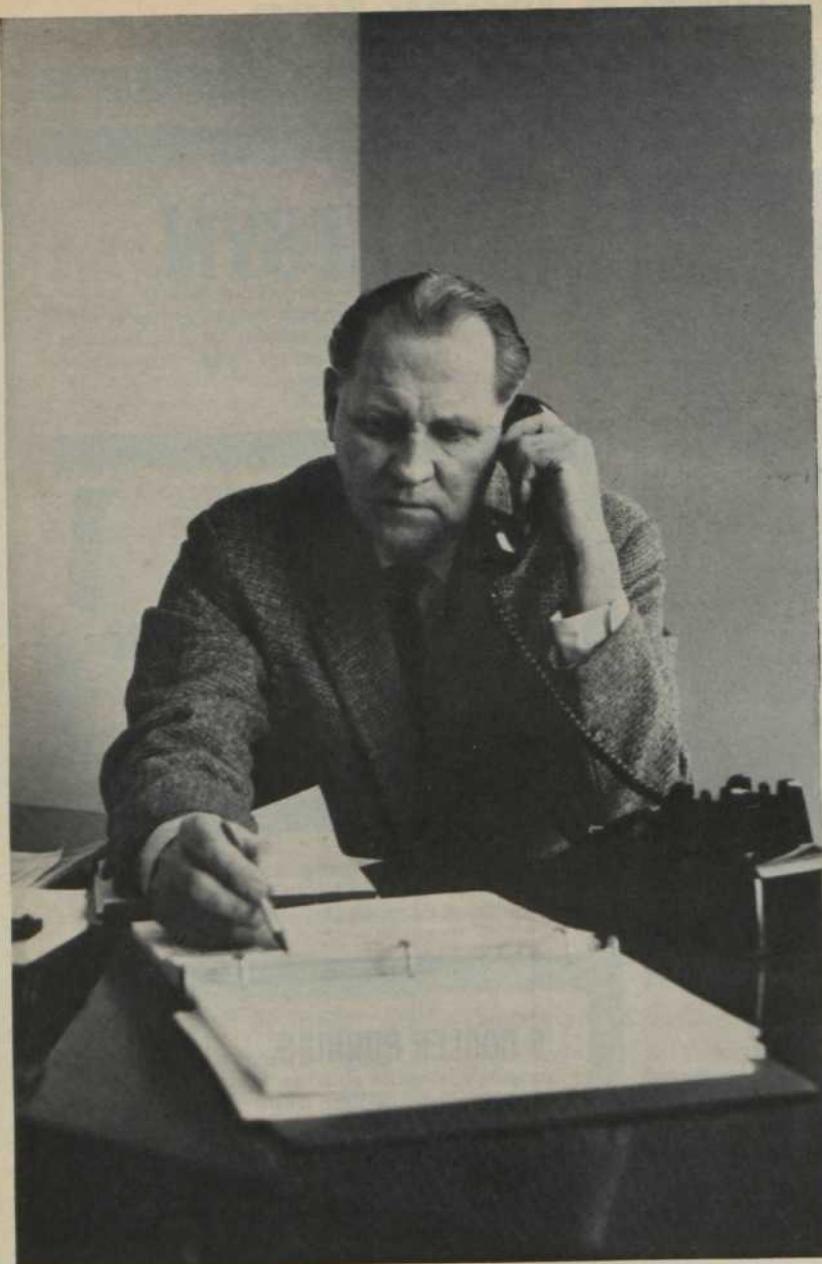
7 Dissipates heat as you drive. New shoulder design has extra-large cooling surfaces that work like fins on an air-cooled engine.

Start saving now! At your Goodyear Dealer's or Goodyear Service Store. Goodyear, Akron 16, Ohio.

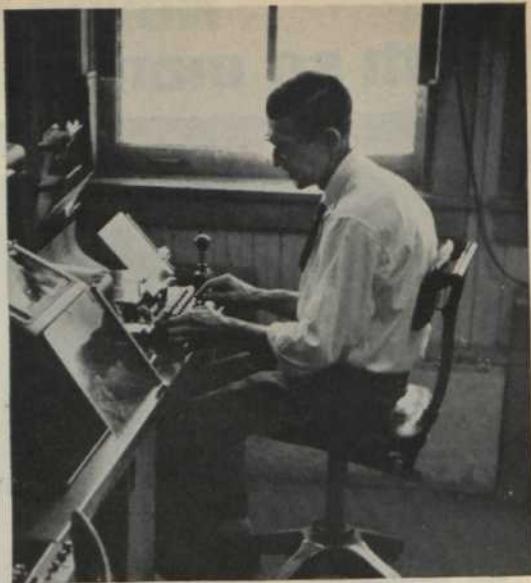
Yes, outwears! Yes, any other! Super Hi-Miler by

GOOD  **YEAR**

Hi-Miler, Tuftsyn—T.M.'s The Goodyear Tire & Rubber Company, Akron, Ohio



1 Diversion begins when shipper calls Rock Island freight agent, requesting that his car (en route to Wichita) be re-routed to Denver.



2 Agent teletypes customer's request to the Chicago communications center.



5 Classification yard receives the message via microwave, and arranges to accomplish shipper's request upon arrival of train.

Re-route freight, locate cars with Rock Island

Automated car control



Just snap your fingers! That's about all you have to do to trigger a freight diversion on Rock Island, thanks to Automated Car Control.

If you have some freight already on its way from one point to another—and want to change its route or destination (or provide for partial unloading)—simply get in touch with your local Rock Island agent. He immediately puts into action a giant Rock Island communications system, comprised of computers, microwave relay systems, Teletype lines, and other specialized equipment.

Within minutes, the change you asked for has been put in motion. Your cars will be diverted according to request.



3 The tape message is received at the Chicago communications center.

4 Minutes later, the Chicago office has located the car. The information is relayed to the classification yard next in advance of the car.



6 Switch crew is contacted by 2-way radio, and advised of changed routing.

7 Upon arrival of train at classification yard, shipper's car is switched out for pick-up by Denver-bound freight.

This same communications system also makes it possible for the Rock Island to locate special equipment cars almost instantaneously.

Automated Car Control—one of many tools the Rock Island employs to give you faster, safer, better service. Your Rock Island agent has the details. Ask him for a copy of the new Rock Island system map. It contains a listing of all piggyback facilities, all interchange points, routes of connecting railroads, and many other important facts.



ROCK ISLAND LINES

The railroad of planned progress
...geared to the nation's future
Chicago 5



HEADING WEST? For business or pleasure (or both) the best way to travel and see the West is on a fun-filled Golden State or Rocky Mountain Rocket. Call the Rock Island passenger agent in your town for schedules.

YOUR SALES STORY IS TOLD AUTOMATICALLY!



MICROMATIC
Sound Filmstrip
Projector

DUKANE

FOR COMPLETE INFORMATION WRITE TO:
DUKANE CORPORATION
1432 NO. 11th AVE., ST. CHARLES, ILLINOIS
PHONE: 312-584-2300

ADT®
Automatic
ALARMS
Write Dept. N
Free Booklet

FIRE · BURGLARY · HOLDUP

Consult ADT for complete protection through automatic detection. Our only business is to help safeguard life, property, profits in commercial, industrial, institutional premises. Offices nationwide. Write or telephone for full information from ADT specialists.

Executive Office: 155 Sixth Ave., New York

Miniature, All Purpose CALCULATOR

Desk Calculator performance.
Precision instrument gives
"on the spot" answers
anywhere. Price \$125.00.
Available on trial basis.

FREE!

64 page Mathematical
Handbook. Contains tables,
conversion factors, formulas
for business, Science &
Industry. For free Booklet
& information write:

CURTA COMPANY Dept. NB-8
P.O. Box 3414 Van Nuys, California



for less active records
...transfer to
PRONTO

Letter Size
\$3.90
Legal Size
\$4.70
Check Size
\$2.65



20
STOCK SIZES

Transfer your old records into Pronto Files and use
your steel equipment over and over again.

PRONTO FILE CORPORATION

415 Madison Ave., New York 17, N.Y.

Please have your representative call with sample.

Please send free color brochure.

Name _____

Address _____

FREE!
MAIL
COUPON
TODAY

B

City _____

State _____

PRONTO, A DIVISION OF LITTON INDUSTRIES

Executive Trends

- Sales efforts gain new momentum
 - Is your job in danger?
 - Best strategy for boosting pay

Throughout America companies are preparing for more rugged sales competition in the years ahead.

Good marketing executives continue in high demand. Sales and marketing strategy is being reappraised in many firms and training programs for sales personnel are being pushed with a new urgency.

Companies are selling harder and smarter.

What's behind this stepped-up emphasis?

Authorities consulted by NATION'S BUSINESS attribute the trend to high mortality rates on new products, the battle for improved share-of-market position, foreign import pressures.

To insure future sales success some businesses will have to change their thinking about marketing policies, differentiate more clearly among the products they offer the consumer and take other steps, according to one authority.

• • •

Is it better to hire salesmen with previous experience or grow your own?

Leonard H. Lavin, who has led the Alberto-Culver Company to remarkable sales heights in the toiletries and proprietary drug field in the past eight years, prefers to hire men without prior selling experience.

Asked why, Mr. Lavin explained: "We find it is easier to mold a new young man in our style than to take on a veteran and then face the job of having him unlearn all the things that aren't effective in our kind of selling."

Note. Mr. Lavin also believes strongly in a "small, flexible, un-

complicated" top management staff. This concept is commanding increasing attention as businesses search for ways to trim managerial overhead.

• • •

Ever have the feeling you're about to get the ax?

Gloomy thought. Yet too many businessmen shut it out of their minds so completely that when they are fired the action comes as a shock.

Lon Barton, employment counselor, says it's commonplace around his offices (Cadillac Associates, Inc., of Chicago and Los Angeles) to hear executive job-seekers say: "The firing came as an utter surprise to me. I had several arguments with the boss, but I had no idea that they meant I was on the way out."

Employment authorities suggest that managers imitate the prophet Daniel, who read the handwriting on the wall at Belshazzar's feast and informed the Babylonian prince that the words meant he was through.

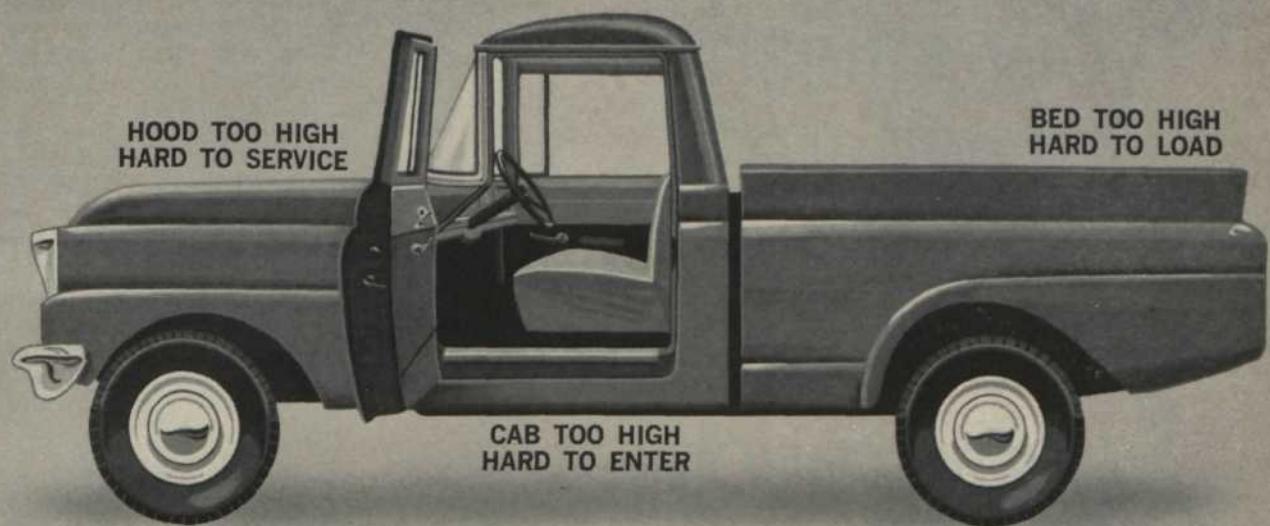
In business, what constitutes the handwriting? How can you read it when you see it?

There are definite signs—some subtle, some not so subtle. If your duties are suddenly turned over to someone else, you are not invited to regular staff meetings, or if your office is moved to a less desirable location, that could be handwriting.

Or, suppose your boss begins to cold-shoulder you conspicuously while chumming with others at your level, or you find yourself taken off important work to select shirts for the bowling team. That's handwriting.

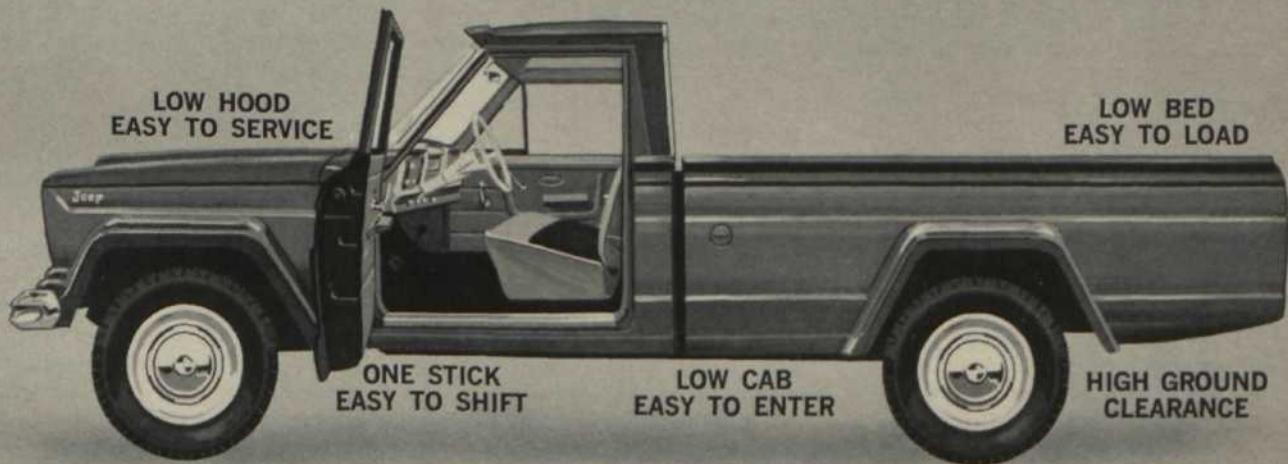
Or, suppose you go far beyond normal salary adjustment periods

Before you buy 4-wheel drive . . .



Other 4-wheel drive pickup trucks

compare!



New 'Jeep' Gladiator 4-wheel drive pickup

KAISER Jeep CORPORATION Toledo 1, Ohio

See 'Jeep' vehicles in action in "THE GREATEST SHOW ON EARTH." Starts September 17, ABC-TV Network.

continued

You can tell your salesmen where the business is... You can measure how much you're getting

Your best marketing strategy can't pay off fully, unless your salesmen are seeing the men who are ready to buy.

Even the most encouraging sales figures may be hiding a loss in share of market if you're not keeping up with actual potential.

Dodge Reports solve the first problem. Dodge Construction Statistics solve the second problem. This is how:

With Dodge Reports, you're sure your salesmen know the names and addresses of the men in new construction who are ready to buy, how much they're likely to want, and when they'll want it. You can be sure your salesmen are spending more time with prospects — less time on cold calls.

Using Dodge Construction Statistics, you can measure your sales volume against potential in each territory and overall. You can set realistic sales goals, based on the potential of each territory. You can see whether or not you're losing business to your competitors, early enough to do something about it.

Dodge can help you increase the selling effectiveness of each individual salesman, and measure accurately the effectiveness of your sales organization as a whole. To find out more, mail the coupon right now.

DODGE REPORTS and CONSTRUCTION STATISTICS



F. W. Dodge Corporation
Dept. NB-83, 119 W. 40th St., New York 18, N.Y.

I'd like to have your booklet, "How to Improve Sales Effectiveness in the New Construction Market," and other details on how Dodge can help us sell more effectively.

Name

Company Title

Address

City Zone State

without getting a raise. That's not only handwriting, it's neon lettering.

Oddly enough, job counselors say, there are managers who can see such warning signals and yet not interpret them. "People sometimes develop a protective cocoon and rationalize even the most obvious bad signs," Mr. Barton declares.

Summing up: Keep alert for indications that you may be on the way out. If you are, and there is nothing you can do to reverse the inevitable, start looking. Never quit until you absolutely must—but don't linger too long. It is better, in terms of finding a new job, to leave on your own than to wait for the boss to fire you.

• • •
Phasing out pay increases may be one way of keeping your people happier.

A study of 250 West Coast managers showed that men anticipating a single large increase in their pay during the next five years were more dissatisfied than those looking forward to several smaller raises.

This paradox was described recently by Mason Haire of the University of California Institute of Industrial Relations.

Another finding: Individual managers' satisfaction with their pay diminishes as their educational level rises. Says Mr. Haire: "Professionalism, education and dissatisfaction seem to go together."

The studies were conducted by the Industrial Psychology Group at the University of California Institute of Industrial Relations, the Behavioral Relations Service of General Electric, and the University of North Carolina.

• • •
Secrets of successful marketing in the new Europe will be disclosed shortly in studies by the Marketing Science Institute of Philadelphia.

MSI is a nonprofit research organization formed last year and supported by contributions from more than 30 corporations.

Dr. Wendell R. Smith, MSI president, says his organization, through its work, hopes "to contribute to the emergence of a more definite science of marketing, and to stimulate increased application of scientific techniques to the understanding and solving of marketing problems."

Other subjects under study: the structure and functions of market-



INSURES FOOTBALL

Insurance Company of North America protects the New York Giants with a business insurance program that's great both on offense and defense.

Custom-made for the Giants, the INA program sets up a solid line of protection while it blocks overlapping coverage. Efficiency wins, premiums plummet.

INA can do the same for your business, large or

small. We've been at it since 1792, and today we have more than \$1½ billion in assets.

Phone your broker or INA agent about INA business insurance programs. He also knows about thrifty INA Package policies for home, car, health, life. Be sure, insure with INA. **Insurance Company of North America.**
World Headquarters: Philadelphia.

The penalty of success, 1963 style: a rapidly expanding company outgrows its working capital and runs into a cash bind.

As sales climb, so do accounts receivables. But you can't meet your overhead and payroll with receivables. You can't buy raw materials with receivables. You can't add new machinery with receivables. Inevitably, the too-successful company reaches a point where it must either get more cash or stop growing—just when its opportunity is greatest.

Each year, dozens of companies in this position come to Heller for one reason: only the Heller type of financing is flexible enough to meet the needs of a too-successful company.

With an extremely high ratio of accounts receivables to other assets, you can get much more cash from Heller than from other sources. We will either loan you money on your receivables—or buy them outright.

WALTER E. HELLER & COMPANY 105-E W. Adams St., Chicago 90, Ill. • 200 Park Ave., N.Y. 17

Fulton National Bank Bldg., Atlanta 3, Ga. ■ Adolphus Tower Bldg., Dallas, Texas ■ Walter E. Heller & Company of California, 849 S. Broadway, Los Angeles 14
Walter E. Heller & Company of New England, 185 Devonshire, Boston 10, Massachusetts ■ Walter E. Heller & Company of Florida, 900 N. W. 54th Street, Miami 37
Walter E. Heller & Company of Puerto Rico, First Federal Building, Santurce, Puerto Rico

We'll also lend you money on your present inventory or equipment—or finance the purchase of new inventory or equipment.

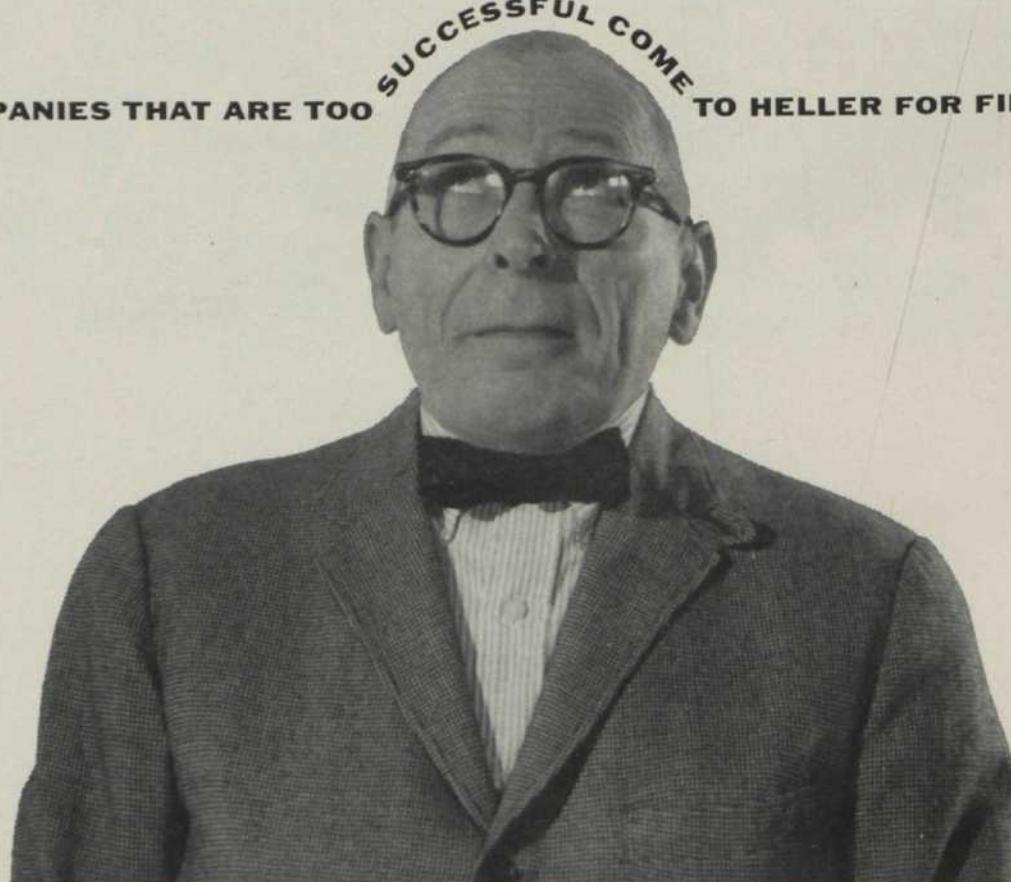
There are many ways in which we can supply you with working capital for smooth operation and orderly expansion. The versatility of Heller financing has solved a variety of problems for companies in more than 60 different fields.

Not all of our clients are experiencing a period of expansion. Some of them have the potential for future success—but are bogged down when they come to us. Heller financing helps them reach that potential.

Your company may be able to grow faster and go farther with Heller financing. Why not find out now? A phone call or letter will bring a personal response from a Heller officer. Or write for our brochure, "Financing Business Action." No obligation, of course.



WHY COMPANIES THAT ARE TOO SUCCESSFUL COME TO HELLER FOR FINANCING



continued

ing institutions—to determine their relationship to socioeconomic developments; what goes into the making of marketing decisions, and a study of various changes that form the basis for "understanding and improving marketing practice."

As more companies go international, executives not only will have the language barrier to hurdle, they will have to get through the subtler differences of various cultures.

Frederik J. Philips, president of the giant Dutch N.V. Philips' Gloeilampenfabrieken, offers some thoughts on this.

Philips' publishes two annual reports in English, for example—one for England and one for the United States.

One of the problems in communications between America and Europe is that Americans say what they mean, notes Mr. Philips, whereas Europeans use indirectness.

Americans in Europe will have to contend with the fact that not only do different countries use different languages, but there is almost a separate language in the steel mills, in the shipping industry, etc.

Mr. Philips urges that for smoother multinational business arrangements there be continuity in managerial succession.

"Walt Jamison studied the blonde secretary's face speculatively. Sometimes you could get a tip on the prevailing climate in the presidential office by the attitude of someone who had just come from it. As far as he could tell, there were no danger signals."

Directions from the script of a Broadway play?

No—one of the opening sentences of a still-unfinished short novel which is being written by a management consultant. His novel differs from the ordinary piece of fiction: He doesn't intend to try to get it published.

Instead, he is writing the story simply to help him humanize the implications of a new corporate planning concept he has developed. "It has helped me to think through what I am developing for business use," he says.

The consultant-author? Dr. Harold B. Maynard, president of Maynard Research Council, Pittsburgh.

READ THIS BOOK**WHEN does it pay to install offset duplicating equipment?**

The ZERO HOUR—that point in a company's growth when the sheer volume of paperwork duplicating, or a need for faster reproduction, or for sharper, clearer runoff copies (or all three) makes an offset duplicating department of your own not only desirable but profitable.

Today, even small businesses reach the ZERO HOUR sooner than they realize. Why? Because the application of xerography (the dry, electrostatic copying process) to the preparation of offset masters has vastly extended and accelerated the usefulness of offset duplicating.

Until recently, most management had no way of knowing when it paid to install offset duplicating equipment. Now, a new, informative book tells you. Prepared expressly for the XEROX CORPORATION by experts in the field and titled, "THE ZERO HOUR," it is an authoritative handbook for the businessman



concerned about his paperwork duplicating costs. In easy-to-understand language, citing actual case histories, this book shows when the demand for multiple copies of reports, price lists, sales letters, directories, and the score of office forms *justifies* the investment in *your own offset duplicating department*. It points up the benefits of xerography teamed with offset duplicating: substantial savings, not only in *dollars*, but in *time*; finer quality of end product; better control of your entire paperwork operation.

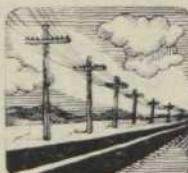
In-plant offset duplicating departments pay off for hundreds of businesses, large and small—saving thousands of dollars annually in copying costs. It's simply a matter of *time*. Find out "what time it is" for your company. Mail the coupon for your free copy of "THE ZERO HOUR."

XEROX
CORPORATION

XEROX CORPORATION, Dept. SX
Lyell Avenue, Rochester 3, N.Y.
Please send me your free book, "THE ZERO HOUR," containing the facts about multiple copying and in-plant offset duplicating.

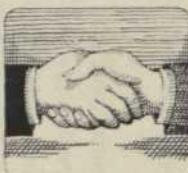
Name Title
Company
Address
City Zone State

Here are the 6 important car and truck leasing benefits you get only from FALS:



1. NATIONAL NETWORK

Take advantage of the over 250 FALS leasing companies across the country. Owned by or affiliated with Ford Dealers, these FALS representatives will provide delivery and parts and service anywhere you want it.



2. LOCAL REPRESENTATIVE

Your FALS representative is a local businessman familiar with your own economic area and its problems. Whether you use one vehicle or need thousands, you can count on him to give your account personal service.



3. EASY DISPOSAL OF PRESENT FLEET

If you now own your own fleet, but would like to switch to leasing, your FALS representative is the man to see. He'll help you dispose of your present vehicles quickly—get you the best possible trade-in value.



4. COAST-TO-COAST SERVICE

No matter where your vehicles may be, when you lease through FALS you can count on 6,600 Ford Dealers to provide you with quick parts and service. Factory-trained mechanics will keep your fleet in top running order.



5. NO WORKING CAPITAL TIE-UP

When you get your vehicles through a FALS representative, you no longer own your fleet. FALS paid for it with FALS capital. Your capital is released so you can use it for other more profitable investments.



6. PRE-FIGURED COSTS

FALS helps take peaks and valleys out of operating costs. One bill each month covers everything, including insurance. Your accounting department can forecast expenses more accurately. Why not investigate FALS now?

For further information, write FALS, Ford Division,
Ford Motor Company, P.O. Box 658, Dearborn, Michigan.

America's largest leasing system

FALS
Ford Authorized Leasing System

Too many stops drain impact from Kennedy travels abroad

BY MERRIMAN SMITH

WHILE HIS timetable of foreign travel must remain entirely flexible at this stage of domestic affairs, President Kennedy is thinking in terms of another trip to South America later this year or early in 1964. Then the next major venture in his diplomatic sales campaign is expected to involve Asia and the Far East with the focal points being India and Japan.

There is considerable debate within the Kennedy inner circle—now dubbed “the Irish Murphie”—about the format of such foreign travels. The same sort of procedural arguments are going on in the State Department.

The question seems to be this: Would the impact on the host country be greater if Mr. Kennedy made these trips one country at a time instead of ramming four countries into a ten-day schedule as he did recently in Europe?

• • •

Former President Dwight D. Eisenhower was the originator of the multicountry foreign tour for modern Presidents. He once visited 11 countries in less than three weeks. Some countries he visited for only five or six hours; others for as much as three or four days.

Mr. Kennedy does not like this approach, particularly in these days when the smaller and newly emergent nations are so sensitive about their national prestige. His June-July trip to West Germany, Ireland, Great Britain and Italy seemed to support arguments of his advisers who favor visiting one country at a time.

The President started off with the biggest crowds of the tour in Cologne, Bonn, Hanau, Frankfurt, Weisbaden and the chanting, screaming emotional bath of West Berlin. The turnout in Ireland was about what could have been expected as the excitable Irish dogged his every step to cheer the charmin' Wexford boy (a generation or two removed) who made good in the big country.

Merriman Smith is the White House reporter for United Press International.

A sidelight of his Irish visit demonstrated how easy it is for those not of Irish extraction to become rapidly saturated with the fierce national pride of Erin. It was at a party given for the President by Prime Minister Sean Lemass in ancient Iveagh House, a stately old structure in midtown Dublin which serves the government much as Blair House is used by the State Department and the White House for entertaining VIG's (Very Important Guests) in Washington.

An Irish statesman, a coolly detached Britisher and a somewhat over-awed American were having gin tonics together in one of the upstairs drawing rooms after dinner while Messrs. Kennedy and Lemass cruised from room to room, shaking hands with several hundred reception guests who came in following the meal.

Bubbling with the enthusiasm which Mr. Kennedy brought out in the crowds from New Ross to Limerick, the Irish official asked confidently, “Now that you've seen the Irish people for two days, what do you think of us?”

The American said quickly that in many ways the Irish reminded him of Texans in their unshakable belief that their native heath is vastly superior to that of any other part of the world.

The British visitor thought for a moment and agreed.

“They are quite similar,” he said with glass-smooth urbanity, “in that they both wish so very much that it were all true.”

But back to the President's progress across Europe.

From Ireland, his next stop was England. This was not supposed to be a crowd-producing visit. He and Prime Minister Harold Macmillan met at Birch Grove, a handsome country estate some 40 miles outside London in an area somewhat similar to the Westchester County places outside New York.

The conference was strictly business and lasted a little less than 24 hours. Here the two leaders and originally the chief partners in development of a multilateral nuclear force decided that even with strong German support, other allies were so luke-

TRENDS: WASHINGTON MOOD

warm about the plan that this was no time to push it. Mr. Kennedy and the Prime Minister also coordinated their policies for the July nuclear test ban treaty talks in Moscow.

After an overnight breather beside Lake Como, the President sailed into Italy for a three-day visit. His arrival in Rome came a day after the coronation of Pope Paul VI. This, plus the death of Pope John XXIII and the series of upsets within the Italian government, had left the public in a state of what amounted to emotional, if not physical exhaustion.

Thus when Mr. Kennedy swept into Rome over a motorcade route of some 45 kilometers, his crowd would not have done justice to the spectators at an opening of a new supermarket. In fact, it was downright embarrassing, coming just after the mighty turnouts in Germany and Ireland.

U. S. embassy officials and Italian authorities sought to assure Mr. Kennedy that Romans have been known for years to be blasé almost to the point of rudeness about visiting celebrities. Wait for Naples, they said. As predicted, the more demonstrative Neopolitans turned out by the hundreds of thousands and in such high-octane enthusiasm that they almost stripped the chrome from the President's famous bubble-top car flown from Washington for the occasion.

It is altogether too easy for the serious intellectual or specialist in foreign affairs to brush aside the importance of street crowds on a presidential foreign tour. This, however, is faulty reasoning. Furthermore, Mr. Kennedy and Secretary of State Dean Rusk have changed their thinking on this point.

It once was the Kennedy-Rusk idea that personal appearance tours were not of deep diplomatic importance; that diplomacy was more effective on the ambassadorial level and moving to the ministerial level only when major agreements were to be locked up and final language agreed upon. Early in this Administration, Mr. Kennedy and his Secretary of State thought presidential participation in diplomacy on foreign shores should be kept to a minimum.

They have come to realize that the crowd spectacle is what the public sees, not only in the host country but around the world in news stories, pictures and motion picture films shown in theaters or on television. For understandable reasons, working sessions cannot be exploited similarly.

Therefore, it is important when a President goes traveling that he receive the best possible turnout, even if the host government has to join forces with specialists from the United States Information Service to promote a crowd much as the Democratic and Republican parties build huge turnouts for their candidates in national election years.

While the White House, of diplomatic necessity, would have to deny it, the recent tour would have been more of a success without the Italian visit tacked on at the end.

By the time Mr. Kennedy reached Italy, the world

public was becoming somewhat case-hardened to pictures and stories of ovations a la Germany and Ireland. The first-day reception in Rome caused a spate of world-wide stories and television reportage about the flop parade. It is doubtful that the wildly enthusiastic Naples reception wiped out the first impressions of Italy, although the picture and word accounts of Neopolitan hysterics may have relieved the situation appreciably.

• • •

All of which brings us back to the argument of one country per presidential trip versus the current system of telescoping several nations into one tour. This is a problem that must be answered or worked into a plan less wearisome than the current system before Mr. Kennedy gets down to hard planning about visiting Asia and the Far East.

Some of his advisers on such matters believe the President, with his high-flying, speedy jet transport, could in the space of about two weeks hit Manila, Tokyo, parts of Southeast Asia, India and Pakistan. His commitments to visit Japan and India are fairly firm without dates being set.

Crowds in Tokyo and New Delhi would dwarf anything the President has ever seen. The word and picture spectacle reported and photographed in these huge population centers and flashed around the world by split-second communications would blot out the rest of the trip and possibly have the effect of offsetting each other.

Mr. Kennedy, on the basis of Mr. Eisenhower's experience in the same area in 1959 and 1960, and with memories of his recent European venture still fresh, might be well advised to avoid linking Japan and India in the same trip. A Manila-Tokyo trip might be workable and still preserve maximum impact. Then at some other time, he could schedule a trip to Southeast Asia, but experience would indicate that he put India or Pakistan on the end of this junket.

The Kennedy staff thinks it saw crowds a few weeks ago in Europe. The Berlin and Naples turnouts without doubt were the largest demonstrations ever seen by Mr. Kennedy. In India, however, he could expect to have an audience of nearly two million people just for a single speech in the Ramlila grounds, and even larger crowds for street processions. President Ayub Khan would turn out several million to line his parade route in Karachi. Without deprecating the tribute to a visitor in these areas, it is true in India, Pakistan and Japan that the huge populations make possible assemblies for ceremonial or semipolitical occasions that cannot be duplicated anywhere in the Western world.

How do such popular displays affect the strictly business diplomatic conversations between heads of state when they are not banqueting, visiting historical sites or bowing to millions pressed against the steaming, smoking vehicles of their motorcades? The answer can only be partial, but it is true that Kennedy advisers now believe the attitude of an otherwise balky host government can be influenced quite heavily by crowd demonstrations, particularly if the turnout goes far beyond expectations of the host.

GOLFERS! BEAT BING WIN!



3M
COMPANY

A WEEK FOR TWO

at Bing Crosby National Pro-Am Golf Tournament, Pebble Beach, California . . . 9 golfers go . . . 3 will play in the tournament . . . appear on TV.



27 GOLFERS

win trips
to compete in "Beat Bing" playoffs
at Tucson National Golf Club in Arizona!



FLY

"Beat Bing" winners will fly to Tucson and Pebble Beach in luxurious comfort on an American Airlines Astrojet. The only transcontinental airline with an all fanjet fleet.



Nothing to buy . . . just beat Bing Crosby at golf. 3M and your "Thermo-Fax" Brand Products Dealers are mixing business with golfing pleasure this season. They're sponsoring a "Beat Bing" Golf Tournament . . . three top winners get to play in the annual Bing Crosby National Pro-Am TV Golf Tournament! Every golfer will have a chance to win because entries will be divided into three handicap divisions. Twenty-seven "Beat Bing" winners will compete in "Beat Bing" playoffs at sunny Tucson National Golf Club before the nine top players and their wives head for Pebble Beach for a full expense-paid week next January!

Compete right at your own golf course. "Beat Bing" competition lasts from August 4 to the 24th. Enter no

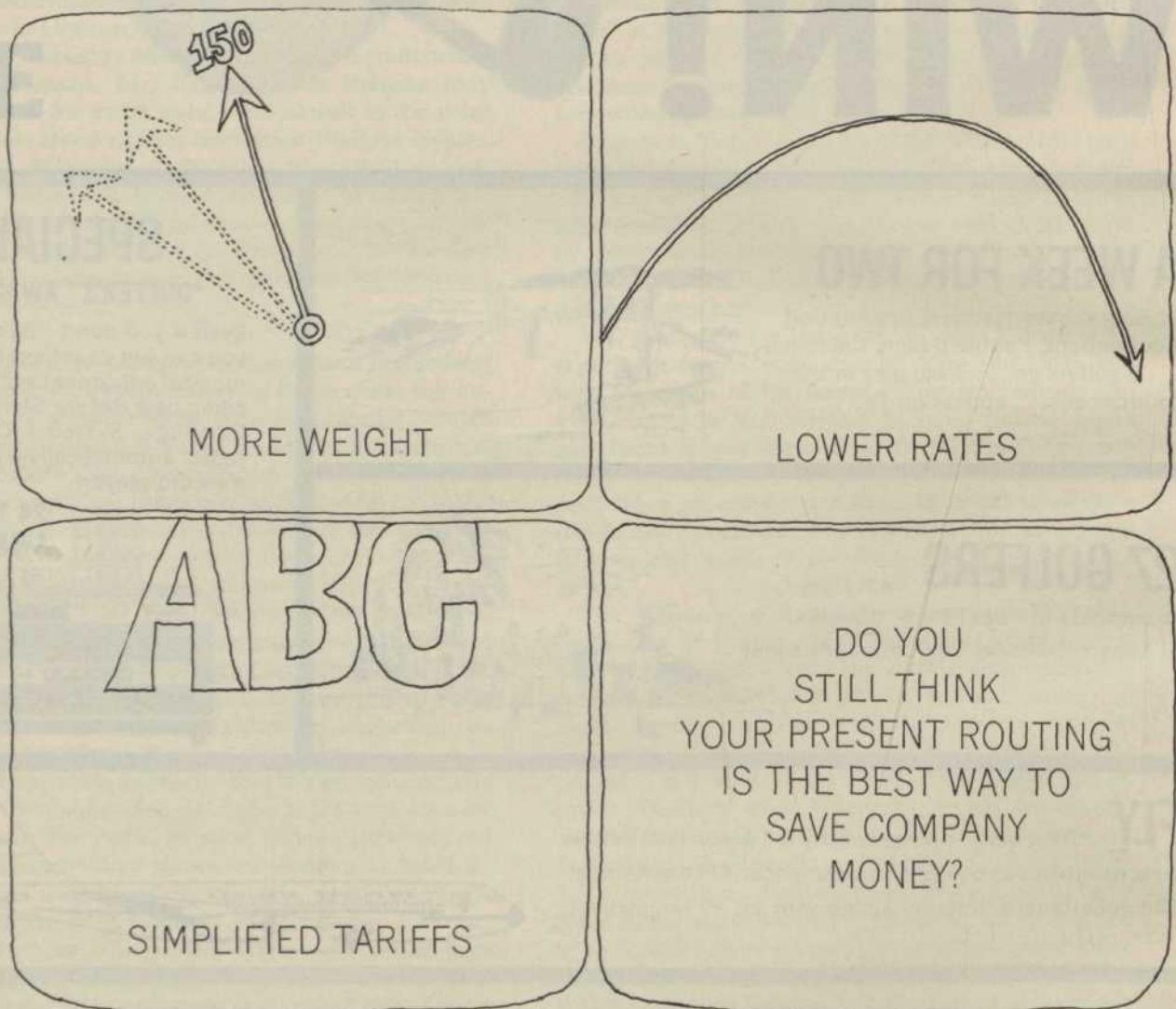
matter what your scores. You may win one of the special "Duffer" prizes!

Special "Demo Bonus Award"—Pebble Beach trip winners who see a demonstration of "Thermo-Fax" Brand Products between July 15 and September 6 win an extra expense-paid week in San Francisco! Get complete information at your "Thermo-Fax" Products Dealer or local pro.

Hurry! "Beat Bing" competition begins August 4!

Thermo-Fax®
COPYING PRODUCTS

DIVISION OF 3M COMPANY • ST. PAUL 19, MINNESOTA



Maybe it used to be. But now, REA Express' new, low rates can save your company's money, even on heavy shipments. These new rates give you savings on shipments up to 150 lbs. and often on much heavier shipments. New REA tariffs list over 3,000 commodities on which REA has sharply reduced rates. And only REA offers you the extra economies of a real transportation system: simplified tariffs—nationwide coverage, within published limits—single carrier responsibility—no complicated transfers from carrier to carrier. Now's the time to bring your routing guide up to date and help save your company money. Call REA Express today.

REA EXPRESS 

REA EXPRESS IS THE NEW NAME FOR RAILWAY EXPRESS AGENCY

Virtue grounded in principle still prevails at grass roots

BY FELIX MORLEY

DURING THE SUMMER of 1887 large areas in Texas experienced prolonged and serious drought. Crops withered on the vine. Small farmers and large planters alike suffered heavy losses.

A Texas congressman, a Democrat like almost all Texans at that time, introduced a modest measure for the relief of his constituents. It would have authorized the U. S. Commissioner of Agriculture, as the head of this agency was then titled, to distribute free seed in the stricken counties. The appropriation carried was \$10,000, the equivalent of about three times that sum in terms of today's depreciated currency.

The bill passed both Houses, only to meet with a forthright veto by President Grover Cleveland, also a Democrat. "I can find no warrant for such an appropriation in the Constitution," he wrote, "and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit."



Last year, just three quarters of a century later, the same "General Government" in Washington distributed agricultural commodities valued at \$1,563,000,000 to a long list of foreign governments. Much of this was in the form of outright donations. Although a little less than one third of the entire foreign aid expenditure for 1962, this "Food for Peace" constituted the largest single item.

Altogether, from July 1, 1945, to July 1, 1963, our General Government, now usually called federal, has distributed over 10 billions in agricultural commodities to other countries, not counting the domestic handouts. If President Cleveland's attitude seems somewhat hard-hearted, by modern standards, recent White House occupants have certainly made compensation with taxpayers' money. For every dollar of free seed denied to Texas in 1887 at least one million dollars in food products have been handed to foreigners by Uncle Sam during the past 18 years.

The point underlying this morsel of history is that the legitimacy of Cleveland's veto, while it aroused some criticism in Texas, was never questioned. And

the diametrically opposite policy, under which we now pay for the lunches of school children from Pakistan to Peru, is similarly unquestioned on grounds of constitutionality.

Yet during the intervening years the Constitution has not been altered in any way which would justify the completely different interpretations of 1887 and today.

Several amendments have, of course, been adopted during this period. But the only one that bears even remotely on the issue is the Sixteenth, which became effective in 1913. By legalizing the federal income tax this may be said to have given Washington the "power" to distribute public funds which it can now much more easily raise. But this did not enlarge the "duty" which Cleveland denied to the federal government in the field of individual relief.

CULVER



Veto by President Cleveland saved the U. S. \$10,000; now we have given away a million times that amount

This means that in the historically short period of 75 years—no more than an average lifespan as now measured—there has been a complete revolution in American thinking on the issue of what centralized government should, and should not, attempt. This is indeed too obvious to need elaboration. But the change is highly significant and is effectively docu-

TRENDS: STATE OF THE NATION

mented by the case cited. From a conviction that the federal government should not provide for necessitous individuals in any State of the Union we have moved to a belief that it should support them in any country vaguely definable as "underdeveloped." In the cases of Poland and Yugoslavia we do not even draw the line at helping active communists in this manner.

There is a certain logic, however, in the support which, over sharp congressional objection, we continue to give to the Red regimes of Tito and Gomulka. The new political theory, not shared by any other people, is that our government should not be indifferent to any human want, anywhere, and must acquire the power to meet those wants regardless of the cost in fiscal solvency or constitutional tradition.

If that theory is sound it is unreasonable to oppose assistance to those subject to communist, or near-communist, rule. They too are human beings, with human wants and needs. Moreover, an important part of communist belief is very close to what we ourselves tend increasingly to accept—the argument that the tides of change have undermined personal and local responsibility and therefore made totalitarian government inevitable.

A Rip Van Winkle of Cleveland's day, returning to the Potomac rather than the Hudson after his long sleep, would certainly find it hard to adjust to the changes that have taken place. He would be startled by the massive buildings that house the ever growing federal bureaucracy, and by the traffic jams with which the streets, as well as routine governmental operations, are so frequently blocked. But most confusing to our Rip, were he a thoughtful man, would be the shift from the political philosophy of James Madison to that of Lenin.

It was the Virginian who emphasized that we "rest all our political experiments on the capacity of mankind for self-government." It was the Russian who argued that to establish dictatorship it would be necessary to work "for the overthrow of the bourgeoisie, the destruction of parliamentarianism and for a democratic republic."

The careless manner in which we now acclaim absolute, equalitarian democracy, which the Founding Fathers consciously sought to prevent, is itself evidence of how far American political thinking has moved towards that of the communist axis. While we denounce the actions of their governments we have begun to accept the theory on which these operate.

The desirability of self-government is little emphasized. Much more attention is paid to a doctrine of equality which does not admit that equal rights imply equal responsibilities. In no political system has it ever been possible to establish either class or individual rights without prior acceptance of either class or individual responsibilities. That of the United States is unique, as Madison pointed out, because it seeks to localize and individualize responsibility,

instead of focusing it in a government elite. The American tradition of self-reliance and self-development is no longer fashionable. But there is an important moral in the very ease with which the Constitution has been interpreted out of all semblance to its meaning as understood, for instance, by President Cleveland. What was destroyed without violence can also be peacefully, if not readily, restored.

One factor, especially, hampers many conservatives in their effort to reestablish the values that have been lost. This is the failure to realize that military defense against communism, however essential, is not of itself enough. What we seek to defend by inevitably centralizing expenditure on weapons could easily wither away behind the ramparts we watch. Such was the fatal experience of the Roman Empire, which simply collapsed from internal decay even as its disciplined legions were successfully extinguishing barbarian brush fires, from Scotland to Roumania.

Of course it is much easier to visualize the threat of an aggressive enemy than to detect infiltration of the national bloodstream by debilitating ideas. The latter requires close attention to the conduct of education, to the vitality of moral standards, and above all to the bogus humanitarianism in which the communists excel, but have no monopoly. As we look back at Cleveland's forgotten veto we must admit that it showed a degree of political courage which has been rare in the White House of recent years.

• • •

Although no longer outstanding in Washington, the virtue that springs from principle is still prevalent at the grass roots. The present Supreme Court has shown itself adept at precipitating difficult problems. But it is the localities that must in the final analysis solve them, as on the whole they have been doing admirably. And this, be it noted, is the essence of the American system. The progress accomplished is due to the localized effort of responsible citizenship, primarily from that very "bourgeoisie" which communism would eliminate in favor of a vast hierarchy of centralized officials.

It is in the Congress, far more than in the Supreme Court or the Executive establishment, that the practical idealism of the American bourgeoisie finds accurate reflection. That is why, as a year of intense political maneuvering opens, especial attention should be paid to the congressional candidates. This is no longer a party matter, for party lines today neither delineate nor clarify the vital issues. The informal coalitions in Congress, increasingly blurring centralized party discipline, are likely to become more, not less, pronounced. Already it is suggested that conservative congressional candidates in the South might reasonably seek the indorsement of both parties. If so, the opposite tactic will certainly be adopted by the other side.

What counts most is the personal position of the candidate, firm or infirm, regardless of label, on those issues which involve the basic principles of American government. It requires no high degree of erudition to realize what these are. But, with the complete change of climate since Cleveland's day, it does take courage to reaffirm them.

How to Explain Your Need for Automation to Top Management

Often, middle-management realizes the need for *basic office automation* sooner than the top management group who approves the purchase of automated equipment.

To sell the concept of basic office automation, middle management might well strike at top management's greatest concern—the spiraling costs of doing business—then show how basic automation lowers office costs by the increased productivity of using machines to do tasks now done by hand.

First, clear away misconceptions: The idea that automation means a multi-million dollar computer (it does not); the notion learning to operate automated equipment is a complicated time-consuming process (it is not); the idea that automation will upset smooth-running procedures.

Now, explore how office automation can cut company costs.

Take your present expenses: The costs of getting out routine paperwork: letters, purchase orders, inventory records, invoices, payrolls, etc. How many people are tied up in this operation? How long does it take to get the work out?

Basic office automation may double the productivity of each employee. Basic business data is captured in punched tape or cards; these tapes and cards, when fed into other machines (or back into the machine that created them), do repetitive typing, figure billing, write sales and purchasing orders, keep inventory records, and compute payrolls—in almost entirely automatic operations and with great accuracy.

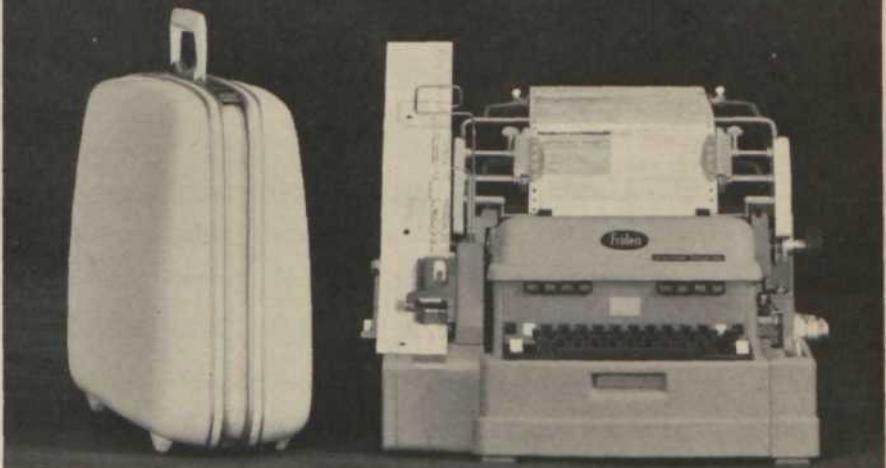
Take future expenses: as your business grows, must your office staff grow? No! *Automation helps hold the line on the growth of office personnel as your business grows.* Your company stays competitive—and profitable.

Learn more about basic office automation, how it can help lower your operating expenses, by calling your local Friden man. Or write: Friden, Inc., Dept. NB San Leandro, California.

Ask for a free copy of our booklet: "Some Basic Facts About Basic Automation".

I'd
like to
automate
my
order-writing,
Friden

Samsonite,
you've
come to
the
right
place



When the Samsonite Luggage Division of Shwayder Bros. Inc., Denver, Colorado, decided to automate its order-writing operation, it took the problem to Friden, the specialist in paperwork automation.

Samsonite's order-writing system is built around the Friden Flexowriter®—the automatic writing machine that works from punched tapes or cards.

Says Samsonite:

"The Flexowriter does four jobs for us. It automatically types a major portion of each order. At the same time, it commands a solenoid adding machine to figure shipping weights and number of cartons needed for each bill of lading. It automatically prepares a by-product punched tape which we feed into a computer for automated billing. And it reduces delay between writing an order and shipping the merchandise."

"The Friden Flexowriter speeds up

the entire order-writing operation, eliminates practically all typing and mathematical errors, and it saves us money, too."

The Friden Flexowriter is the *basic* machine of office automation. It captures data in a language other machines understand. And, since it does this at the *start* of the paperwork cycle, when data first enters your office, the rest of the paperwork cycle is done automatically.

Put the Flexowriter to work in *your* organization. For complete details, call your local Friden Systems man. Or write: Friden, Inc., San Leandro, California.

This is practical automation by Friden—for business and industry.

Friden



Inherent balance

High wire artists need perfect balance.

So do Diesel engines.

And GM Diesels are inherently better balanced.

The reason is their proven basic design.

They have twice as many power impulses per crankshaft revolution as most other Diesels. So fours are as smooth as conventional eights... V-sixes as smooth as V-twelves.

Clutches and transmissions last longer. Operator fatigue is less. Acceleration is quicker. So you get more work done more quickly at lower cost.

Specify GM Diesel power. It has inherent balance that pays off for you.

See your GM Diesel Distributor. Or write: Detroit Diesel Engine Division, General Motors, Detroit 28, Mich. (In Canada: General Motors Diesel Limited, London, Ont.)

GM DIESEL
SERIES 53 & 71 ENGINES

One proven design throughout the line builds greater value into every engine

TOMORROW'S COMPETITION

In the years ahead competition will be tougher, faster changing, and sharply different from what we have known in the past.

To help you plan for tomorrow, NATION'S BUSINESS presents four articles dealing with the critical aspects of the dynamic factor that is competition:

- How competitive forces will spring from different and unexpected directions and what new company strategy will be required.
- How the changing role of the federal government in regulating competition will affect the business climate.
- How the growing threat from imports can be met.
- How union willingness or lack of willingness to cooperate will help determine management's ability to compete in the future.

The first article begins on the next page.

**TOMORROW'S
COMPETITION**

EXECUTIVES TELL HOW TO MEET IT

Here's a preview of principal forces that will shape the years just ahead



THE NEXT five to 10 years will see drastic changes in the way you do business.

The reason: competition.

As the future rolls by and you reflect back on 1964, 1968, 1971, and so on, it will become increasingly clear that competition is the single most inclusive term to describe the principal characteristics of business in this period.

The forces of competition will spring from new and unexpected directions.

Among the results, you can anticipate a faster pace of national economic progress, more high-paying jobs for capable people, steadily improving standards of living, and substantially more risk for business enterprises.

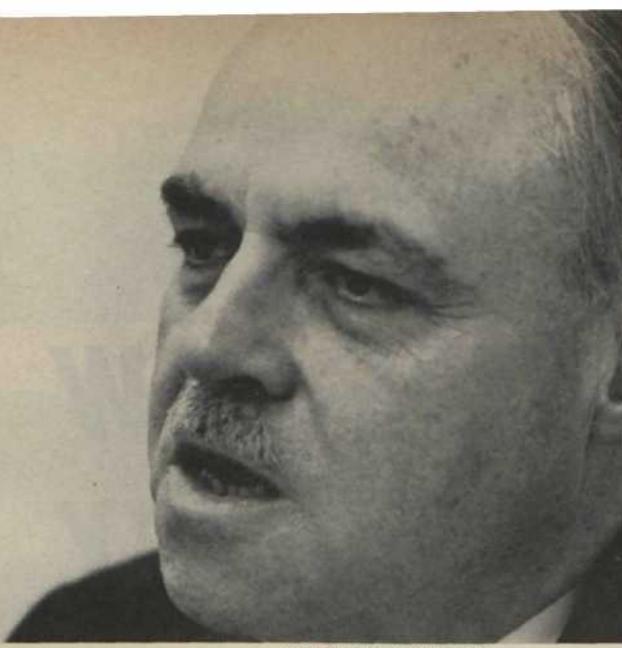
To evaluate what the future holds, businessmen will need to consider:

- How competition will change.
- What effects the new challenges will have on business in general.
- What profit trends to expect.
- The best ways to deal with the new competitive forces.

Here's what Henry Ford II tells NATION'S BUSINESS about the decade ahead:

"I believe we are in a permanent buyers' market. Competition will

Only efficient companies will prosper, says Henry Ford II



NORDSTROM-BLACK STAR

Opportunities for business will be great, says Paul B. Wishart

get steadily tougher. We will face more competition from abroad, more competition within domestic industries, and more competition among industries."

Ralph Lazarus, president of Federated Department Stores, Inc., says:

"We are surely headed for an era of intensified competition. We will need to do everything better than we now do.

"I suppose every businessman has his own mental picture of what this new era will be like. I sometimes visualize it in terms of track and field. Some of us have been running in the Big Ten; some in the Ivy League or the Pacific Coast Conference.

"A few of us are big enough and strong enough to run in the nationals.

"But tomorrow we're going to compete in the Olympics. Only our Olympic Games will be staged—not once every four years—but daily in the marketplace."

Paul B. Wishart, chairman of Minneapolis-Honeywell Regulator Company, thinks the complexities of doing business in the next decade will be frightening, but that the opportunities will be great.

"In effect," he says, "you are going to be competing literally with yourself to hit par on each hole in your own company. Failure to adopt this type of realistic philosophy will simply result in your losing position through subjecting yourself to repeated blows in your soft spots."

Competition, he says, will become increasingly tough and hard-nosed.



COVELLO-BLACK STAR

Roger Blough calls competition a key factor in economic growth

"There is going to be little time for the week-day golf game or the two-month vacation. Either American industrial leaders are going to be on the job and think, act, and stay ahead, or they are going to be plowed under by more devoted men who are dedicated to winning."

He believes the rewards will go to the imaginative and creative men both in sciences and at the operating business level. "The most successful will probably be those who have combined the right quota of basic common sense—properly mellowed by disciplined, nonextravagant, but adequate research."

Most executives accept the prob-

ability that competition from abroad will complicate their future business lives.

But overlooked by none is the sure trend that competition from across the street and from across town will play a dominant role.

"Undoubtedly, competition from abroad will be an important factor in the next 10 years," says L. F. McCollum, president of Continental Oil Company. "Liberalization of trade regulations—if accomplished through international negotiations—will particularly affect labor-intensive industries in America.

"I anticipate, however," Mr. McCollum says, "(continued on page 60)

Attitudes toward profits are changing, says L. F. McCollum

WIDE WORLD



**TOMORROW'S
COMPETITION**

U. S. GOALS REQUIRE NEW FEDERAL POLICY

Government has encouraged soft competition in conflict with our primary national objectives

ONE DAY this summer in Washington:

A Senate Judiciary Subcommittee began hearings on legislation to set up a super-agency to improve government regulation of American businesses.

Three floors above, in the marble New Senate Office Building, another subcommittee was hearing transportation industry witnesses on bills designed to make it easier for the railroads to compete with other carriers.

Across Capitol Hill toy wholesalers and beer distributors were testifying before a House Small Business Subcommittee on competitive problems in distribution.

In the same building, the Ways and Means Committee—meeting behind closed doors—tentatively adopted new tax provisions that could give small corporations a better tax break.

Meanwhile, a top Naval official was telling a Senate unit that Pentagon high command reversals of military decisions on contracts are “detrimental to the competitive spirit of American industry.”

Downtown, the Interior Department announced a revised formula for computing the amount of oil that may be imported into eastern states.

It was a typical day in Washington. Business as usual. The government in your business as usual, influencing in myriad ways competition among and within businesses and industries now and for the future.

In our private enterprise system,

competition has a prime role. It determines the allocation of resources and the amount of production. It promotes efficiency, stimulates growth, helps develop new products, holds prices in line.

Though at one time or another tariffs, taxes, patent policy, federal regulatory policies, federal purchases, price controls and subsidies, for example, may influence business competition, the actions of the Antitrust Division of the Justice Department and the Federal Trade Commission have the most direct effect.

Their actions, together with court decisions and legislative proposals now under consideration on Capitol Hill, are shaping a distinct and strong trend in federal policy on competition. The objective of this policy seems to be: Preserve the competitor rather than competition. If this trend continues, it could thwart our national goals of faster growth and expanded world trade.

Government policies that discourage growth and innovation certainly harm small businesses as well as large.

It's a philosophy which Milton Handler, Columbia University law professor, calls “soft competition.” It was expressed by Chief Justice Earl Warren in a recent case. He said Congress was concerned with “the protection of viable, small, locally owned business.” He said further: “Congress appreciated that occasional higher costs and prices might result from the maintenance of fragmented industries and markets. But it resolved these com-

peting considerations in favor of decentralization.”

Laws a shield?

Senator Hubert H. Humphrey of Minnesota recently called the anti-trust laws a “protective shield (to protect) small business competition, not a sword to cripple independent merchants.”

The intention to relieve certain political groups, such as the small merchant and the family farmer, from the competitive contest is related to a fundamental conflict in our society between the self-reliant and the dependent. Providing more security for political blocs at the expense of incentives for the economically efficient conforms to welfare state aims.

“The basic notion of competition,” notes Dr. Malcolm P. McNair, emeritus professor of retailing at Harvard Business School, “is that some competitors win and some lose. You can't have competition in which no competitor ever gets hurt.”

However, Professor McNair says: “The pressure under the Robinson-Patman Act has been for the protection of competitors.” Today, he adds, “there has been a transfer of thinking from the interpretation of the Robinson-Patman Act over to the Sherman Act, so that a merger may be objected to by the Department of Justice on the grounds that some competitor might get hurt. This is a very unfortunate development.

“The trouble is that our lawmakers and law enforcers are still



House Small Business Committee



Senate Subcommittee on Antitrust and Monopoly



Federal Trade Commission

Congressional committees, regulatory agencies and the courts all influence competitive rules under which business and industry must operate

thinking in terms of old-fashioned economics. They are thinking in terms of the virtues of so-called pure competition," in which no one company is large enough to determine its own selling price. "A much more enlightened view has been developed by some economists, such as the late John M. Clark."

Dr. Clark, in a monumental study published by the Brookings Institution after his retirement from Columbia University, pronounced the competitive pressures in our economy as vigorous as ever, even though the nature of competition has changed.

He found that industries with

many small businesses that appear to be quite competitive often don't serve the public interest as well as is intended under the theory of decentralizing economic power. Instead the "accepted customs of the trade" tend to replace real competition. Professor Clark's thesis is that any decline in competition results more from the troubles of weak companies than from the progress of strong ones.

In fact, he maintained that companies big and rich enough to develop new and better products and operate more efficiently can serve the public interest best.

Such companies can compete in

innovations and services as well as in price.

Pressure has mounted

This new standard of protection from competitive injury for smaller businesses did not originate with the New Frontier. But the pressure has increased considerably in recent years. Not only has the antitrust case load enlarged, the danger area has apparently been extended so that business faces a growing threat of antitrust action.

According to Jesse W. Markham, Princeton University economics professor and former chief economist

(continued on page 72)

**TOMORROW'S
COMPETITION**

LABOR COOPERATION WILL GROW

**Why workers are more willing
to help and how you can benefit**

ROBERT PHILLIPS



Employers must build sound relationship for taking up problems, help cushion blow from technological developments, says Nat Goldfinger, union economist

YOU CAN EXPECT most workers and unions to be more willing to cooperate in your plans for cost-cutting and other changes that may be necessary to meet the challenges of future competition.

"There never has been a better time for getting cooperation if the employer demonstrates that he really needs it," says Everett M. Kassalow, research director of the AFL-CIO's Industrial Union Department, which helps 59 affiliated unions plan bargaining objectives.

But Nat Goldfinger, research director of the parent labor federation, warns that you can't wait until your problems become critical before raising them, and expect complete cooperation.

Management must lead the way, says Harold J. Ruttenberg, managing associate of Humanation Associates, a Pittsburgh consulting firm, who has grappled with labor-management problems from both sides.

Mr. Ruttenberg believes management must convince workers that their job security "does not lie in stretching out the work, but in getting it done with the least loss in materials and supplies in the fewest possible man-hours.

"It must teach them that to the extent this temporarily reduces the work force, it will make their jobs more secure and enable management eventually to provide more jobs on a sounder competitive basis."

Herbert R. Northrup, professor of industry at the University of

Pennsylvania and former consultant for management, believes union leaders are becoming more cooperative in cost-cutting because they are losing members as a result of competition from new materials, foreign competition, the changing labor force, and other reasons.

He agrees with prevailing opinion that an employer should keep his workers informed of company problems through a good, continuous communications program so that he will develop credibility and have an audience that is listening when he seeks help on a problem.

Mr. Northrup cautions, however, that the first rule of management is to be a good manager, which he says means resisting unreasonable union demands for more and more control over the business.

"Don't give your business to the union," he warns. "You'll have to buy it back later."

There are notable exceptions, as demonstrated by the stiff union resistance to reducing work crews on railroads and East and Gulf Coast docks, but in general the climate is considered ripe for getting worker and union acceptance to change.

Change is in the air. Jobs are changing and harder to get. The labor force is changing, with more workers reluctant to join unions.

Collective bargaining is changing. There's more initiative from management, more government intervention.

Strikes are losing their usefulness, leading many unions to prefer longer, more informal and relaxed labor-management discussion of problems to the traditional strike-deadline bargaining. This has been the practice in the coal industry for more than a decade, is currently proving successful in basic steel, and may soon be tested in the automobile, electrical and other industries.

Mr. Kassalow asserts that workers are becoming accustomed to change; they see it all around them.

"The potential for cooperation is great," he says. "Workers are more aware of the employer's problems and union leaders are more mature, more willing to get along with the boss—but he shouldn't expect them to roll over and play dead."

"A sincere appeal for cooperation can overcome resistance to restrictive work rules if the employer offers some improvement in job security."

Mr. Goldfinger says employers
(continued on page 42)



Douglas V. Dorman of Martin Company praises the co-operative approach of its union in agreeing to changes in jobs to allow bid on new contract

ALEXANDROWICZ-BLACK STAR



Harold J. Ruttenberg, former unionist, says that attitudes can be changed when your employees are aware of the impact on business competition

IMPORTS WILL SHARPEN BUSINESS SKILLS

Top company officials describe ways to outsell foreign products



UNCEASING INNOVATION is the key to success in American business's battle against a growing flood of imports.

This is the opinion of top corporate executives and government officials interviewed by NATION'S BUSINESS.

More and more companies in this country are feeling the pressure of competition from abroad in their own domestic markets, and the pressure will continue to grow. As the expansion of the European and Japanese economies begins to slow, manufacturers in those countries will turn increasingly to United States markets as an outlet for their goods.

The situation is serious for the U. S. economy, as our balance of payments deficit worsens.

For many executives, watching imports continue to rise more rapid-

"We must have a broad enough base to shift to something else if the Japanese go into a particular line"

Robert C. Sprague
Board chairman
Sprague Electric Co.

ly than exports, the problem is crucial.

"All American businessmen must realize that they are operating in a world economy," says Milo J. Marsh, who heads the American Management Association's general management division. "Markets and competition are world-wide. The businessman who sells only in the United States is competing increasingly with foreign companies just as much as the businessman who also sells abroad."

Charles H. Percy, board chairman of Bell & Howell Company, explains the growing problem with a simple illustration:

"I am more concerned about how our products are doing across the counter in the free market of Hong Kong than how they are competing in Peoria. For the fundamental fact is that if we can't compete in Hong Kong, it isn't likely that we will be competing favorably in Peoria for very long."

With tariff barriers moving downward, this statement has strong significance for companies selling only in American markets as well as for those selling world-wide.

Deputy Assistant Secretary of Commerce Daniel L. Goldy warns:

"American business can no longer take its domestic markets for

granted. If we are to realize our goal of free world trade, tariff barriers must come down—both ours and those of trading partners. This means more competition at home from countries that have lower wage rates, as well as more opportunity for U. S. business to trade abroad.

"We're the most highly industrialized nation in the world, but we haven't been modernizing our plant and equipment fast enough to compete effectively with other countries which have rebuilt their industry since World War II."

Finished manufactures have risen to 35 per cent of our total imports from a level of just over 20 per cent prior to World War II. This percentage will climb even higher as Europe and Japan continue to expand industrially and as other countries industrialize.

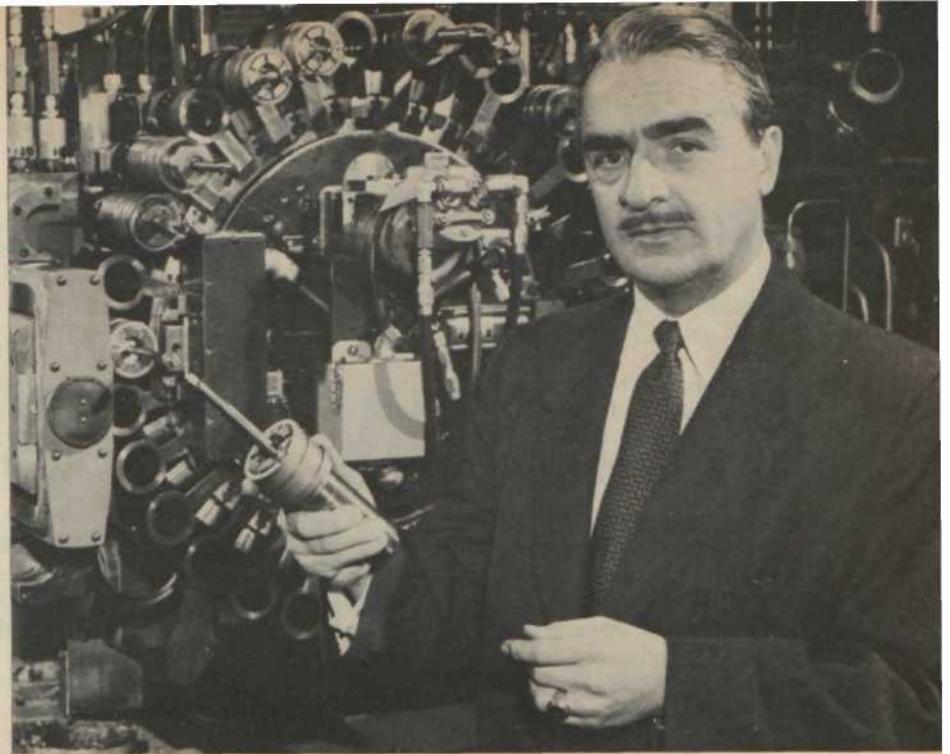
Steps to take

Faced with the rising tide of imports, American businessmen are searching for ways to meet the challenge. Many are meeting it, with varying degrees of success.

Innovation in design can be one vital factor in meeting competition from abroad. Imports often are copies of U. S. products, sold at a lower price. Here the design of a product and its packaging can emphasize quality. Many foreign producers are keenly aware of design as a competitive tool, however, and a number of imports have sold well because their design proved more appealing than that of similar American products.

"Manufacturers in this country must keep ahead by adding special features and increasing the value of their products through design," says Hugh T. Greenlee, a partner in the Cleveland firm of Greenlee-Hess Industrial Design. "This can be done by making the external appearance more attractive, by using new materials and manufacturing techniques, or by increasing the product's usefulness, making it function in more than one way or in a better way."

Mr. Greenlee cites a simple example. The Wright Tool & Forge Company of Barberton, Ohio, redesigned a socket wrench which it manufactures. Among other improvements, more teeth were added to the ratchet mechanism, increasing its usefulness in cramped quar-



"We must stay ahead of our foreign competitors on new features and design. We must keep our technological advantage by constant innovation"

Francis J. Trecker, President
Kearney & Trecker Corp.

ters. Import competition comes from wrenches of lower price and quality, so the exterior was redesigned with careful attention to finish and detail to give an impression of high quality. Sales of this wrench have gone up more than 50 per cent.

"U. S. business is not meeting foreign competition in design and it's the fault of the executive, not the designer," says Walter Hoving, chairman of the board of Tiffany & Company, New York jewelers. "Scandinavians, Italians and French place much greater emphasis on design than we do."

"Every piece of merchandise has two attributes: quality, or how well it works and lasts, and appearance. We can't afford to neglect the second. At Tiffany's we've increased our volume 88 per cent and our profits 420 per cent in the past seven years largely as a result of raising our standards of design."

IBM is an example of a company which has emphasized design for a number of years. Eliot Noyes, consultant director of design, explains the company's approach this way:

"The biggest thing we do in design is to set standards that all products must meet so that we achieve a family of design—everything goes with everything. Products from all plants can be installed

in the same office and all match one another and all look like IBM machines. They have a common character and also a continuity of design, so that a new product placed next to an older one fits into the pattern in terms of form, details, and color.

"Good design is good business. It's an esthetic factor used for commercial advantage."

The electronics industry has felt the bite of import competition, particularly from the Japanese. Imports of consumer electronic products are still rising and may reach eight per cent of the value of our total domestic output by the end of this year.

American manufacturers are selling more and more portable transistor radios, but imports from Japan and Hong Kong, which last year made up nearly 60 per cent of our imports of consumer electronic products, continue to rise. In addition, the Japanese are beginning to move into this country's television market with small-screen TV sets and are sending over growing quantities of components and such consumer products as miniature tape recorders.

Though manufacturing facilities for consumer electronic goods are

(continued on page 55)

HOW TO SELL MORE NOW

Sales authority offers useful advice in broad look at problems in marketing and next retail revolution

IT'S NO seller's market.

In fact, to sell more today and in the future we may have to:

- Change company thinking about marketing.
- Alter young people's attitudes toward careers in selling.
- Differentiate more clearly among products offered to the public.
- Run faster to stay abreast of changes in consumer taste.

These are thoughts of Malcolm P. McNair, Lincoln Filene Professor of Retailing, Emeritus, at the Harvard Business School. We're probably in the dawn of a new revolution in retailing, Professor McNair predicts. And we're also facing some oversized problems in marketing. In this interview with an editor of *NATION'S BUSINESS*, Professor McNair also tells why he thinks business should work for a tax cut that stimulates business purchasing power and should educate federal regulators to the realities of marketing.

Malcolm McNair has been a member of the Harvard Business School faculty for more than 40 years. A corporate director and author, his is one of the most highly regarded voices in the field of marketing.

Professor McNair, what is the general outlook for sales today?

I think we need greater pressure

on selling on the part of manufacturers and retailers and everybody concerned in marketing. Consumers have been buying fairly freely, but there are some signs that consumer buying is not going to be quite as robust as we thought.

There has been a considerable expansion of consumer credit. Experience indicates that when the rate of repayments on consumer debt gets up beyond 13 per cent of disposable income there is some tendency to slack off on the undertaking of new debt. That could be happening now.

Also, for a number of months the savings rates in this country have been lower than normal. Typically, we save about seven per cent of our disposable income, and spend the other 93 per cent. Well, for some time we have been spending about 94 per cent. General experience would indicate that saving might increase during the remainder of 1963.

Selling activity needs to be pressed strongly. We can't assume that goods are going to move automatically. It's going to take advertising and personal selling effort to keep the economy rolling. Certainly this is no time for marketers to sit on their hands.

You do not believe we're in a seller's market yet?

Oh, no, I don't think this is a seller's market. A great deal de-

pends on the extent of investment spending by business in the months ahead. Such economic pick-up as we have had has come from inventory buying, from increased government expenditures, and from fairly good automobile buying.

The other big factor, of course, is plant and equipment buying by business. That is picking up. It is clearly going to be better than was forecast earlier. But there is no guarantee that it is going to be anything like a runaway boom. If we get a strong pick-up in capital goods then we will have a real economic spurt. Certainly I think we need to continue our marketing pressure on goods of that type.

If we have a tax cut of about \$10 billion spread over two or three years, what effect would it have on consumption?

I think the effects will be primarily psychological. I'm not sure that we haven't already had those effects to some extent. When I said that we were saving somewhat less and spending a little higher proportion, it could be that expectation of a tax cut played some part in that.

But in relation to the total size of our economy today, and in relation to the total volume of consumer spending, the amount of the tax cut so far as the consumer is concerned is not terribly significant.

I think a tax cut would be a good

move. I am one of those, however, who would like to see a tax cut accompanied by reductions in government spending.

You don't think a reduction in government spending is going to affect purchasing attitudes or purchasing power if it accompanies the tax reduction?

If the government cuts spending you have a somewhat lesser flow of total spending and that has a certain economic effect. But it seems to me that at the present time it isn't a matter of trying to prevent a recession; it's a matter of trying to get our total economy on a really sound long-run basis. I believe we would get it on a sounder long-run basis if we had a reduction in government spending of about as much as the amount of the tax cut pro-

posed. There is always the need to keep purchases flowing, both consumer purchasing and business purchasing.

The popular political notion, which goes back to FDR and Lord Keynes, is that there is some peculiar virtue in stimulating consumer purchasing power rather than in stimulating business purchasing power.

This, of course, is a great article of faith among union people. Personally, I have never seen any peculiar virtue in stimulating consumer purchasing power, and I think the economy gets rolling faster with stimulation to business purchasing power.

I think it is necessary to cut taxes. Our total tax situation is highly oppressive to both individuals and business.

Is Western Europe doing a better job of selling and marketing than the U. S.?

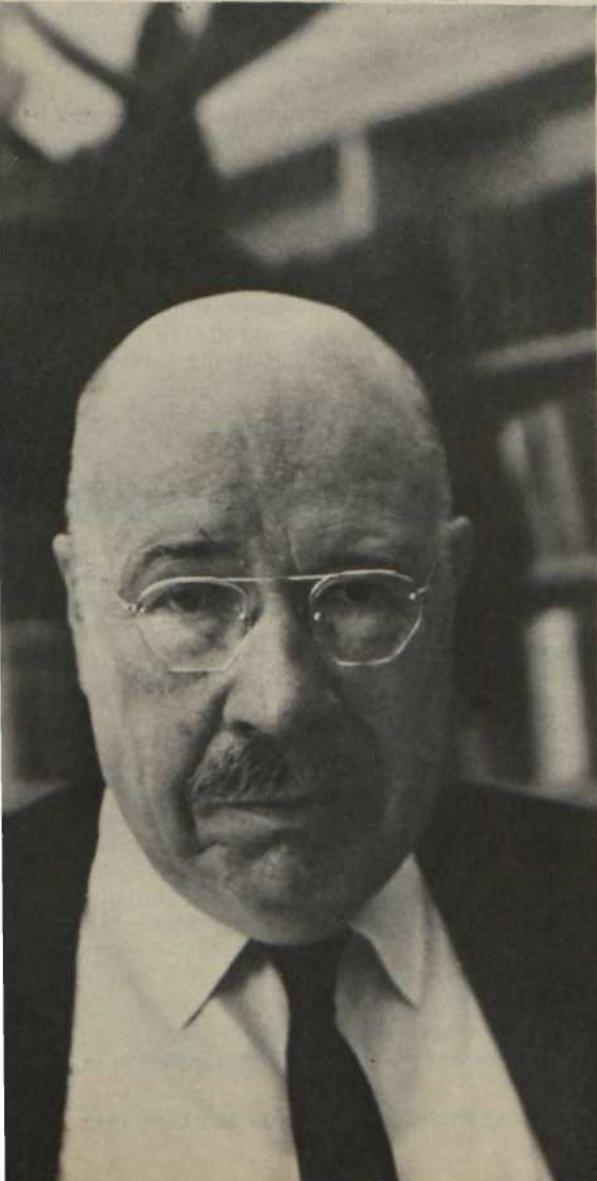
Well, they might be putting more vigor and heart into it in some areas.

On the other hand, we are still probably superior with respect to methods in marketing. We have softened a little in this country, and it is particularly noticeable that it's hard to get young men interested in going into selling. It is distinctly noticeable in this school and in other schools. It's hard to get young men into selling, either selling for manufacturers or selling in retailing. Perhaps this is an earmark of the kind of civilization we have today. There isn't the interest in getting out and hustling. From

(continued on page 81)

Prof. Malcolm McNair of Harvard Business School tells why we must . . .

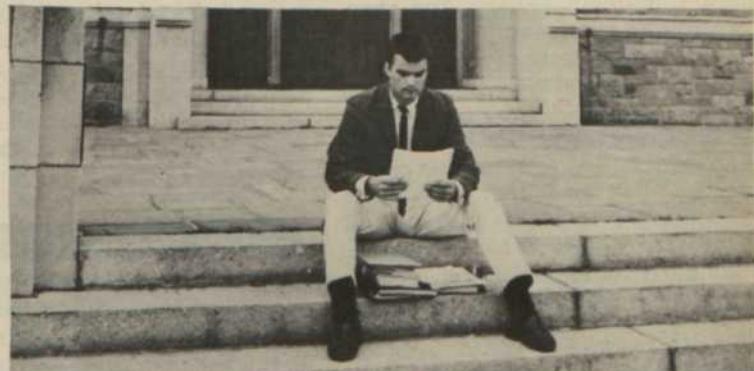
PHOTOS: MASSAR, WARD, SCHNELL-BLACK STAR



Keep pace with customers' tastes



Get young people into selling



Use more automation in marketing



A LOOK AHEAD

by the staff of the

Construction shows rise

(Construction)

Debt ceiling issue revives

(Government spending)

Outlook for tax bill

(Taxation)

AGRICULTURE

Wheat producers and businessmen in related activities will want to familiarize themselves with changes in the wheat program for 1964.

Assuming that Congress does not change the present law, producers will receive about \$1.25 per bushel (50 per cent of parity) for their 1964 crop—if they stay within their allotted acreage. The national allotment will be 49.5 million acres.

Farmers who have conservation reserve contracts will lose their rental payments, as well as the support price, if they exceed their allotments. Although there will be no marketing-quota penalty for over-planting an allotment, it can change a producer's historical acreage base and reduce the size of future allotments.

The Department of Agriculture expects the average market price for the 1963 crop to approximate the support level of \$1.82 until shortly before harvesting begins.

In anticipation of lower prices, farmers are expected to put a much larger share of this year's crop under loan prior to the March 31 deadline. Government stocks will then become about the only source of wheat until the new crop arrives at lower prices.

CONSTRUCTION

Look for the dollar volume of new construction to move to a record level of \$64 billion this year.

During the first half of 1963, construction has shown greater strength than had been expected at the start of the year. The forces which generated that strength will continue to work throughout the second half.

Construction of multifamily units continues to move upward, reflecting the fact that vacancy rates have declined despite several years of increased construction of such units. Single-family housing is moving ahead of last year's pace. Both reflect ready availability of mortgage money, increased numbers of families, and higher incomes.

Private nonresidential building is primed for further advances. Although construction of offices and warehouses may decline a bit during the second half of 1963, this will be offset by increased industrial work. Public construction also is rising.

CREDIT & FINANCE

The major legislative proposal of the Securities and Exchange Commission has cleared the first hurdle in the Senate. The House will be another problem.

SEC Chairman Cary has piloted a proposal that will, if passed, bring some 3,000 companies selling unlisted securities on the public market under close SEC control. Of this number about 400 are commercial banks. The goal of this new legislation is greater disclosure of information for the investor.

U. S. exports rise

IN BILLIONS

\$25

20

15

10

1950 '52 '54 '56 '58 '60 '62 '63

Source: U. S. Department of Commerce

While the measure met little opposition in the Senate, things might not run so smoothly in the House, where the Interstate and Foreign Commerce Committee has jurisdiction.

Insurance companies have strongly opposed the legislation, demanding exemption because of various state laws now adequately regulating the industry. For the most part, banks accept the idea of added disclosure of information.

Business reaction to the proposed regulations is generally favorable, with the exception of the insurance companies.

Outlook: Some form of disclosure regulations will be passed.

FOREIGN TRADE

Expansion of U. S. exports could result from new steps taken by the Export-Import Bank. The bank acted on recommendation of the Committee on Export Expansion of the Bankers' Association for Foreign Trade.

Under the present guarantee system, private banks which finance export sales are protected by the Export-Import Bank against combinations of political and credit risks. The new modifications are designed to give banks greater flexibility in operations with United States exporters and the exporters' foreign customers.

For example:

1. The Export-Import Bank will give these banks wider discretion in

Chamber of Commerce of the United States

credit aspects of transactions invoiced at values up to \$200,000 each.

2. On request, the Export-Import Bank will give advance approval of political risk portions of guarantees. This will enable the private bank to learn, early in negotiations of transactions, whether the political risks will be acceptable.

GOVERNMENT SPENDING

When the Treasury again goes to Congress this month to request an increase in the debt ceiling, scrutiny once more will focus on Administration spending plans.

The temporary \$309 billion limit authorized through August will require extension. Indications are that the Administration will ask that the ceiling be raised to a level between \$315 billion and \$320 billion.

With most indicators pointing toward a rising economy, arguments of the Administration for deficit spending in 1964 as a recession-abating device have lost considerable appeal.

In the House of Representatives, 1964 appropriations bills are being trimmed. If the trend continues, reductions will certainly surpass the \$4.5 billion which Treasury Secretary Dillon called "out of touch with reality."

In many cases, however, requests deeply cut by the House tend to be partially restored in the Senate.

LABOR

Amendments to the Davis-Bacon Act are expected to be considered by the House of Representatives in September after hearings this month.

The Davis-Bacon Act presently gives the Secretary of Labor power to determine prevailing wages for all federal construction projects.

Earlier this year, a House labor subcommittee reported out H.R. 6041, which amends the Davis-Bacon Act by including fringe benefits in computation of the prevailing wage. This legislation is not likely to be voted on by the House until other amendments reforming the law are considered.

The major argument against enactment of this change is that re-

vision should not be done piecemeal, but in a single package.

A major reform advocated by industry is a provision in the Davis-Bacon Act for court review. Nearly every act similar to Davis-Bacon has forms of judicial review, and it is an accepted view that individuals charged with a violation of a law should have access to the courts.

MARKETING

Marketers and manufacturers can expect increased government attention if Congress passes a bill introduced by Sen. Estes Kefauver and 22 other senators.

This measure would create a new federal Office of Consumers "to secure within the federal government effective representation of the economic interests of consumers, to act as a central clearinghouse . . . for consumer complaints, to disseminate information to consumers, and for other purposes."

Such a broad objective raises prospects for a similarly broad government intrusion in business—ranging from harassment about "high" prices to the dissemination of information about product "quality."

Senator Kefauver was unsuccessful last year in an attempt to establish a Department of Consumers. Although the present bill is scaled down slightly, it is open to much the same attack as its predecessor.

Specifically, all government agencies and departments are supposed to represent the consumer interest. Consolidating such representation in a new agency would promise consumers no new representation—only an added tax burden.

NATURAL RESOURCES

Industry can expect increased pressure from local, state and federal governments to install facilities to reduce water pollution.

While pollution is recognized as primarily an industry and local responsibility, many streams cross state boundaries, thus making stream pollution an interstate problem. This was recognized in the Water Pollution Control Act of 1948, which gave the federal government

authority to enforce pollution abatement on interstate streams when states were unable or unwilling to act.

The states, individually and collectively, have made much progress in reducing both municipal and industrial pollution. But some states have made more progress than others, and there is considerable pressure on Congress to give Washington more enforcement power.

TAXATION

The tax bill is slowly moving ahead.

As the outlines of the civil-rights battle have become more certain, the firm purpose of tax-revision advocates also has become more clearly in evidence.

During July the House Ways and Means Committee staff wrote a bill suitable for full-scale review. Committee members believe a measure will be on the Senate's doorstep for action about mid-August.

Senate Finance Committee Chairman Harry F. Byrd promises hearings soon thereafter.

Despite pressures to keep tax-cut action separate from structural revision, it is almost a certainty that, with the House bill containing both kinds of action, senators will want to hear testimony on both tax-cut and reform aspects of the bill.

Despite an improving economy there is still great need to improve investment incentives.

TRANSPORTATION

Much is at stake in proposals for joint industry and government development of commercial supersonic jet aircraft.

If the U. S. aircraft industry loses a substantial portion of this market, it would mark the first time since World War II it has not been the world's principal carrier.

Experts point out that not only would American know-how in aircraft manufacturing be endangered as a result, but it could mean that our carriers would be forced to buy subsidized, European-built jets to remain competitive. The nation's balance of payments position could be further aggravated.

LABOR

continued from page 35

must build a long-term, continuous relationship for discussing problems—and let them come up for discussion as they begin to arise. Unions are not opposed to improving efficiency, he says, but they expect the workers to get a fair share of the benefits.

"The problem in recent years has not been opposition to efficiency, but unemployment—jobs," he adds.

"Employers must cushion the blow to the worker from the adverse effects of technological improvements. To some extent this can be done through labor-management cooperation. But collective bargaining can be truly effective only in an economy of high employment and low unemployment."

Employers have sought and sometimes obtained union cooperation to meet both immediate and long-term competitive pressures.

The Martin Company recently sought and got cooperation of the United Automobile Workers in a cost-cutting plan which would enable the company to bid competitively on three government contracts which, if they were obtained, would make it possible to recall 700 to 3,000 employees who had been laid off because of completed contracts.

Martin management decided to bid for some military aircraft modification work, which it had not been doing, but found that it could not compete with rivals who paid lower wages because of different job classifications for that type of work.

It persuaded the union to agree to new job classifications and wage levels in tune with their competitors'. It meant some workers would receive lower wages than they got on their previous jobs, if the bids were successful, but they would be working at fair, competitive wages instead of being idle.

Douglas V. Dorman, Martin's

vice president for industrial relations, views the agreement as "a highly cooperative approach on the part of the local and international union and the Martin Company to bring back into action both highly skilled people and first-class manufacturing facilities that are now idle.

"The number of people that will be re-employed as a result of this cooperative effort will, of course, depend entirely on the amount of business the company is able to win on a competitive basis."

Another approach

Sharing profits or cost saving with employees is being tried by some employers in return for more cooperation in management efforts to improve efficiency and cut costs, an essential weapon in competitive battles. The employers include the Pacific Maritime Association, Kaiser Steel Corporation, and American Motors Corporation.

Mr. Ruttenberg was an organizer and first research director of the United Steelworkers of America. After World War II, he became vice president of Portsmouth Steel Corporation and later president of Stardrill-Keystone Company. Two years ago he organized Humanation Associates, an industrial management consulting firm, and has specialized largely in changing attitudes of workers and supervisors in unionized plants toward their jobs, management and profits.

His approach to improved efficiency and higher productivity involves a total attack on the problems affecting both workers and management, and winning worker and union cooperation through a predetermined formula for sharing in the gains.

He lists these among the principles underlying his approach:

- Collective bargaining cannot make a WPA project out of a competitive business and still survive.
- There is no moral basis for the union shop unless the union uses the security that it provides to induce its members to raise productivity.
- Job security does not lie in stretching out the work, but in getting it done with the least loss in materials and supplies in the fewest possible man-hours.
- Management needs to pursue a common standard, and has no moral right to ask hourly employees to

(continued on page 45)

Watch for: **LATIN AMERICA...** *Bright promise of the future*

Can American companies look forward to doing a sound and growing business in the countries of Central and South America?

What are the long-range political risks?

Where will markets grow most quickly?

Experts of the Economist Intelligence Unit of London provide you with answers to these and other questions in a special report.

Their forecast, backed by extensive research and on-the-scene observation, will help you more realistically evaluate the outlook for the economies of Latin America....

... and many other timely, important and useful articles in coming issues of

Nation's Business

Morton Salt asks you

for 2 minutes



of your time now



even though



it won't help your business



until the first snowfall!

You may think the heat's got us.

You don't buy the Morton Safe-T-Salt* for snow removal in your city.

You don't care about slippery streets and sidewalks now.

Why should we be asking *you* to think of the advantages of our salt . . . especially with the first heavy snowfall so far away?

First because you're the one who suffers most when icy streets and sidewalks hinder traffic, slow down deliveries, annoy shoppers, even keep them home.

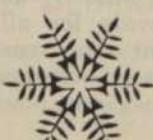
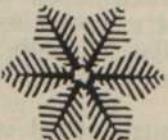
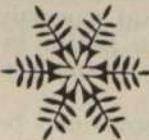
Secondly, because now is the time your city should

be ordering Morton Safe-T-Salt . . . to keep pavements clean and business flowing even when it's snowing.

You can help your city help you. Let us send you, and one or more of your city officials, a free book comparing costs, speed and effectiveness of salt versus sanding, cinderizing and other methods . . . with all the facts and figures necessary to convince any city official that it's good business to use Morton Safe-T-Salt for ice control.

Won't you take a minute or two now and fill out the coupon? It could save you hundreds of dollars over the winter.

*Safe-T-Salt is a trademark of the Morton Salt Co.



Please send free booklet telling why Morton Safe-T-Salt is good for business. Send to me and to the city officials indicated below.

MY NAME _____

BUSINESS NAME _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

CITY OFFICIALS:

NAME _____ TITLE _____ DEPT. _____

MORTON SALT COMPANY

HIGHWAY DIVISION • Dept. NB-6, 110 N. Wacker Dr. • Chicago 6, Ill.



Private plans cut health tax need

New developments disprove supporters' claims

CHAMPIONS of a compulsory national program of health taxation are ignoring four important new developments:

The swift expansion of additional private health insurance plans.

Growing public resistance to the Administration's approach.

Alternative legislative proposals for the diminishing number of the aged who may need government help.

The steadily improving ability of the aged to meet their own needs.

The experience of one state deserves nationwide attention as the Administration continues its campaign to provide a limited program for all under social security, regardless of need.

The New Jersey legislature defeated a bill this spring that would have permitted private insurance companies to pool their financial resources and sales facilities, spread their risks, and achieve other economies through a large market to bring low-cost medical insurance to the elderly.

Democratic Gov. Richard J. Hughes took a stand against the proposal, declaring: "Legislation of this type will be used to minimize the need for the President's program."

The sponsor of the bill, veteran legislator Alfred N. Beadleston, counters that the result meant: "To hell with the old folks in New Jersey."

Despite the attitude in New Jersey, such cooperative plans are making rapid headway in Connecticut, New York, and Massachusetts.

Legislatures in many other states have passed or considered the laws

needed to participate. One authority says that West Coast states may become the nucleus of a 13-state regional program, including Hawaii and Alaska, and that a small regional approach is being considered for North Carolina and Virginia.

He sees the pool-type program as supplementing the role of old age assistance and the Kerr-Mills legislation, which permits federal-state aid to those who do not qualify for other forms of assistance but need help with medical bills.

Companies expand coverage

As the program takes hold, say supporters, costs should be far less than plans of individual companies, which themselves have dramatically expanded programs available to the elderly.

Sources in the industry and Congress say these developments, emerging since full-scale hearings on the Administration's bill, further strengthen the evidence that private insurance can meet the needs of most of the population within a few years.

Add some of the proposals for tax credits or deductions for payment of insurance premiums, grants in case of need, government use of private plans—which get scant attention in the Administration—and the private approach could be applied to more of the hard core elderly who may need some government help.

Yet Congress gets the argument that, since private industry doesn't claim it can provide for all the needy, government must rush in with a plan to cover everyone.

Despite the propaganda, however,

opinion polls run by several congressmen this year showed constituents opposed to the Administration's bill.

The thinking behind the bare-bones statistics is even more revealing, as reflected in this year's poll by Republican Rep. Frances P. Bolton of Ohio, whose district includes parts of Cleveland.

Her polls in 1960, 1961, and 1962, which simply asked whether each registered voter was in favor of medical care for the aged under social security, found as many as 60 per cent replying "yes."

What polls show

But this year, for the first time, her questionnaire listed some alternative choices. The difference in replies was striking. Here they are, based on 16,000 replies:

Compulsory health care under social security, 37 per cent for, 50 per cent against; voluntary private health insurance with federal tax credits of \$150 a year toward premiums, 41 per cent for, 32 per cent against; no more government in the health field, 32 per cent for, 30 per cent against.

Much of the remaining support for the Administration's plan appears based on the misunderstanding that a worker would pay only one dollar a month for health insurance covering his retirement years.

Although actual costs would be more than twice this amount, the plan would cover only 25 to 40 per cent of real requirements.

Improvement in the financial position of the elderly is revealed in a report by the President's Council

on Aging. It notes that in 1950 there were 12.3 million Americans age 65 and older with income totaling \$15 billion; in 1961, there were 17 million elderly, an increase of 40 per cent, with income of \$35 billion, an increase of 130 per cent.

Significantly, it adds: "In addition, the people who retire during the next 10 years will receive higher payments, on the average, than the benefits being paid today. . . . Private pensions will also play a bigger role in providing economic security for the people retiring during the next 10 years."

In addition, the report shows that the federal government contributes more than \$17 billion in income maintenance and medical care payments, plus tax advantages, for the 17 million-plus citizens 65 and older, or an average of \$1,000 apiece. Yet the pressure for government to do more continues. **END**

LABOR

continued from page 42

eliminate make-work practices until it has corrected its own redundancies.

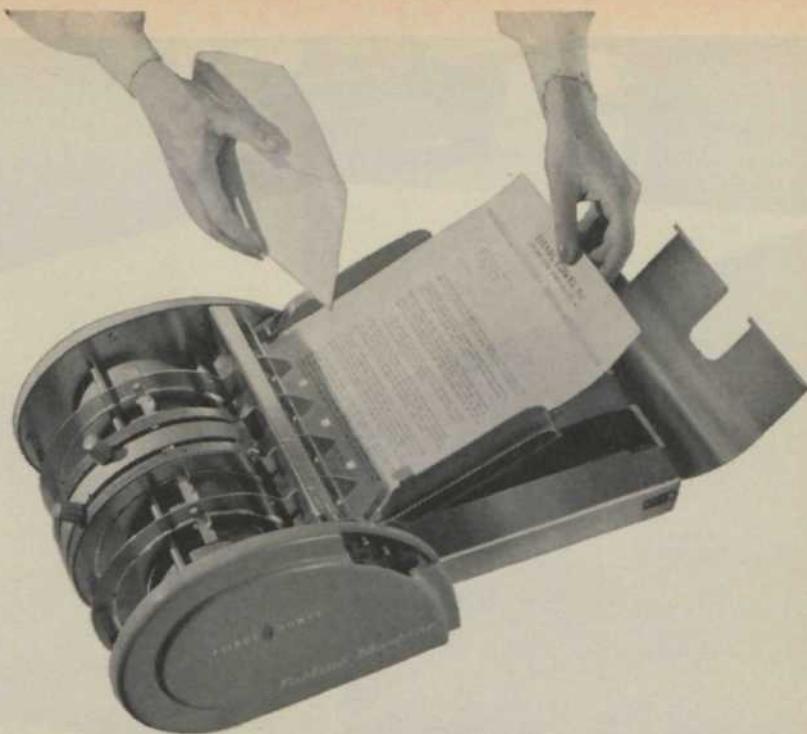
► Unions must assume a moral responsibility for increasing the competitive position of the company to protect the job security of the employees as a group.

Mr. Ruttenberg explains: "When employees and their union learn that competitors can kill a business, that there is a limit to what they can force a company to pay and still have jobs, and that ceilings on productivity can be suicidal, then the group attitude can be transformed to the proposition that: 'You have to put cookies in the jar as well as take them out.'"

Referring to union and worker efforts to stretch out work as a means of protecting existing jobs, Mr. Ruttenberg says this worked when demand exceeded capacity.

"But since the 1958 recession when capacity far exceeds demand business goes to the lowest cost producer with the most uniform quality," he contends. "The result is that the stretchout theory kills instead of protects jobs in those businesses practicing it.

"The businesses that will win the competitive struggle for existence in the 1960's are the ones that replace the stretchout theory of job protection with the productivity theory for protecting existing jobs and creating new ones." **END**

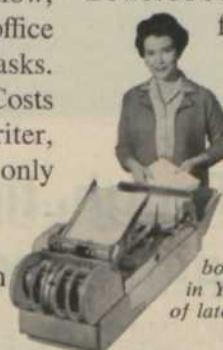


The girls in your office are high cost folders! A PB Junior Folding Machine is a low cost folder!

It's a time saver even for daily correspondence—a letter at a time. Double folds forms, bulletins, invoices, even stapled sheets, eight times as fast as a girl can fold by hand. (With an automatic feed, at slight extra cost, it's even faster.) It does away with tedious, slow, high cost hand folding; frees office workers for more important tasks. Saves a lot of time in a year. Costs less than a standard typewriter, soon pays for itself with only occasional use.

The FH makes two folds simultaneously. It can be set in seconds—by merely moving

two knobs on inch scales to fold sizes wanted. It will handle most standard paper stocks, weights and finishes, in sizes as large as 8½ by 14 inches, as small as 3 by 3. So easy to operate, anybody can use it. May also be used with Pitney-Bowes 3300-Inserter, for combined folding and stuffing.



Ask any of the 170 Pitney-Bowes offices for a demonstration in your office, on your work. Call today!

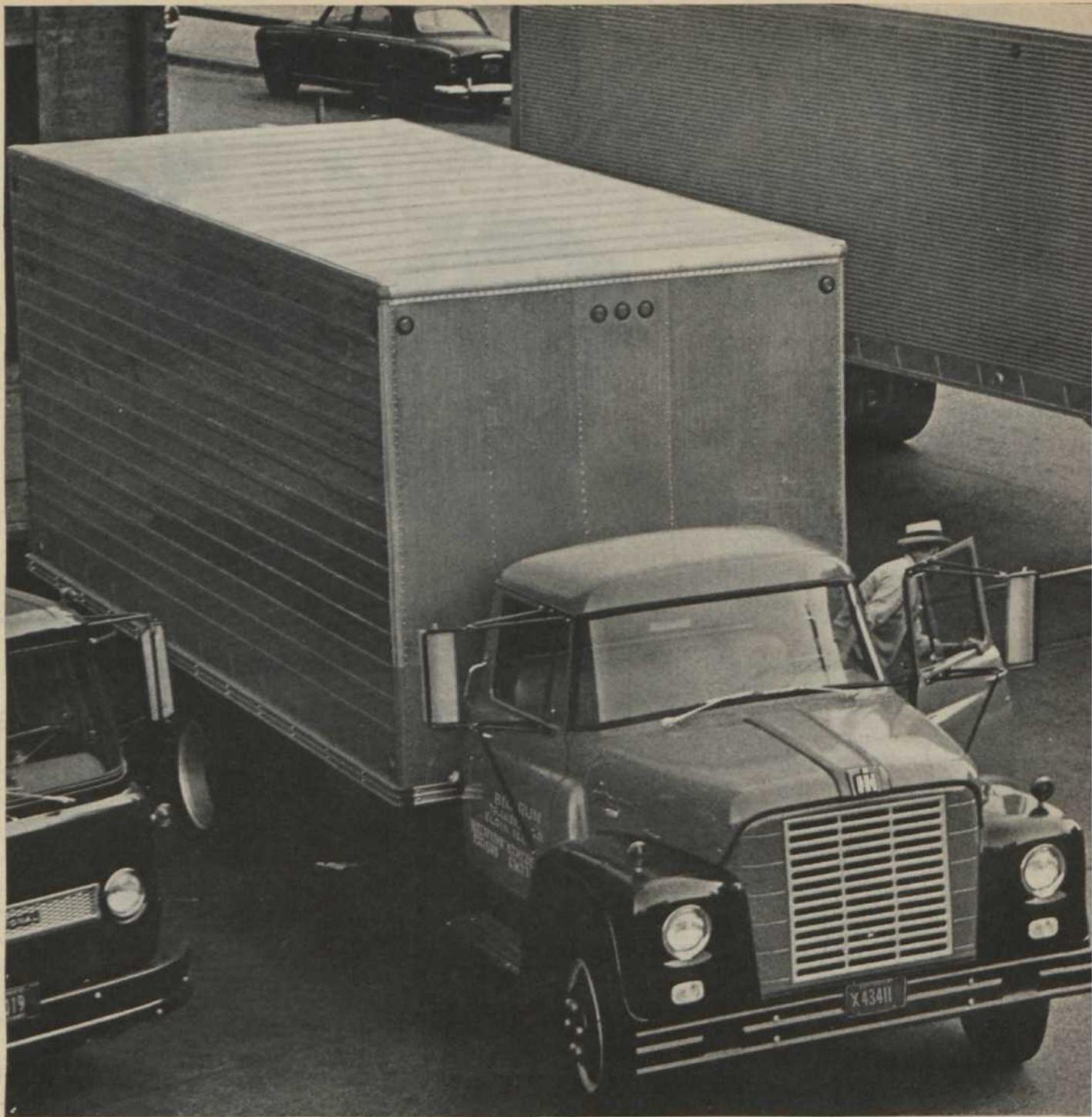
FREE: Send coupon for new booklet, "How to Take 8 Steps in Your Stride," plus handy chart of latest postal rates.



Pitney-Bowes
FOLDERS & INSERTERS

Made by originator of the postage meter
...170 offices in U.S. and Canada

PITNEY-BOWES, INC. 1316 Walnut St., Stamford, Conn. Send free booklet and postal rate chart.	Name _____
	Address _____



Tough, tight-turning **LOADSTAR**® is built to solve city delivery problems

This medium-duty conventional-type INTERNATIONAL turns 40 degrees either way. It backs into crowded docks and narrow alleys with less "jockeying" and shifting. The short cab permits shorter over-all length without sacrificing cargo space.

What's more, the chassis is designed 100% to absorb the jolts of city delivery. With a frame that has full-depth frontal section, extra crossmembers and heavy-

duty I-beam front axle, LOADSTAR models give you that "built-in" strength you need in the range of 18,200—46,000 lbs. GVW.

Add other bonus features—roomy, easy-riding cab for driver comfort; low, wide-spread fenders means easy servicing; a choice of eight great engines for economy—and you'll know why you're seeing more and more of these LOADSTAR trucks every day.

To get all the facts on both of these conventional models—**LOADSTAR** and **FLEETSTAR**—see your nearby INTERNATIONAL Dealer or Branch.



Weight-saving **FLEETSTAR** lowers cost of hauling 40-ft. trailers in 50-ft. states

INTERNATIONAL designed the compact FLEETSTAR with important aluminum and fiberglass components to drop its deadweight almost 1200 lbs. Yet load capacities of this heavy-duty highway hauler run all the way to 79,000 lbs. GCW. And the 92-in. bumper-to-back-of-cab dimension lets you haul square-nosed 40-ft. trailers in 50-ft. legal limit states.

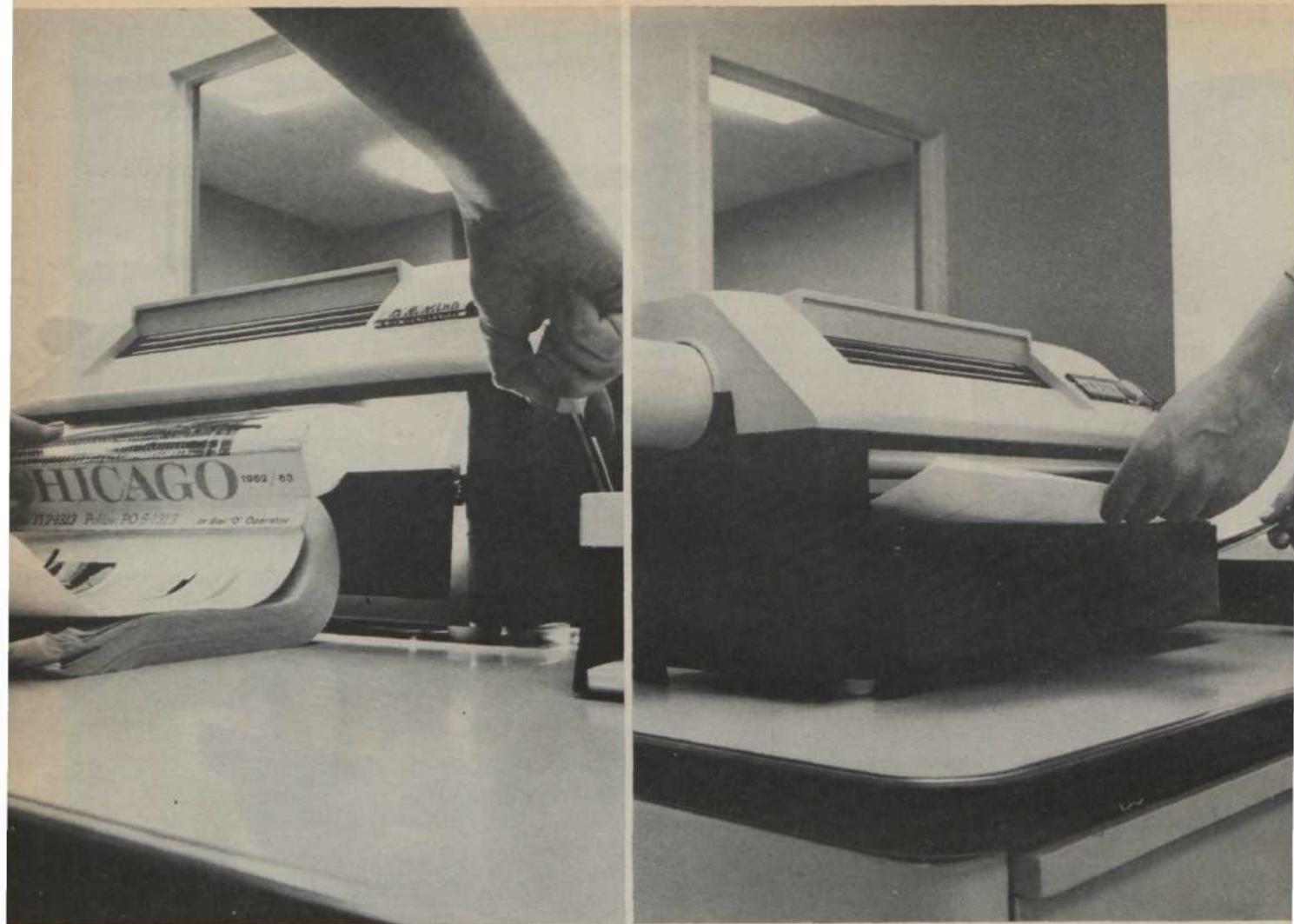
These FLEETSTAR models have everything! The cab gives the driver great visibility, treats him like a gentleman. The 110,000 psi heat-treated frame has three times the strength of normal carbon steel frames. Alternator extends battery life. "Piggy back" brakes assure safer parking. The tougher your competition, the more you need the FLEETSTAR.

INTERNATIONAL® TRUCKS

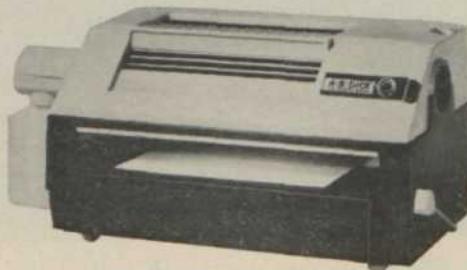
International Harvester Company

WORLD'S MOST
COMPLETE LINE





"Through thick . . . and thin"



You name it, and the new A. B. Dick office copier will copy it. From bound-in pages in *thick* telephone directories to *thin*, onionskin carbons . . . even blueprints, diazo prints and photostats . . . *thin*, lightly penciled engineering drawings or *thick* cardboard mounted paste-ups . . . all are just part of a

day's work for the Model 120.

Here at last is an office copier to carry you through the thick and thin of your daily paperwork. A single machine to handle all copying jobs, in all colors.

And, because you can place the desktop 120 near your secretary, she never has to leave her work area to make a

copy. Her efficiency goes up. Your costs go down.

So, before you buy an office copier, see the new A. B. Dick Model 120. It can help you and your secretary through "thick and thin." Call your A. B. Dick products distributor today. He's listed in the yellow pages under "Duplicating."

AB DICK®

COPYING / DUPLICATING PRODUCTS • ELECTRONIC DATA PRESENTATION

PERSONAL OUTLOOK

Will you share in greater leisure?

How much will you benefit from the added leisure time economists say automation is bringing?

Not much if you're a topflight executive or professional man and the prediction of Donald N. Michael, director of the Peace Research Institute, comes true.

"For the next couple of decades the top-level manager and professional for the most part won't have any more free time than now," says Mr. Michael.

"Most first-rate professionals will continue to work long hours simply because there will not be enough new ones in the light of the growing population and more complex social welfare needs.

"In fact, topflight executives may have less free time and many who want to work beyond the usual retirement ages will be encouraged to do so."

The "lucky" ones, according to Mr. Michael, will be the mediocre executives and semi-professionals who will be well paid and in a position to enjoy the shorter workday, four-day workweek, sabbaticals and longer vacations.

They also will probably enjoy earlier and longer retirement as their retirement age is lowered to make room for younger people.

Get set for elections

August is a good time to get ready to be effective in the many local and state elections coming up this fall and prepare for the big presidential and congressional voting next year. One thing you may not have thought of: Get acquainted with the candidates and your party

leaders, if you don't know them already. They probably won't be too busy this month and may welcome the opportunity to meet you.

As a leader, you probably can be more helpful in fund-raising and political education work, than in pushing doorbells and passing out leaflets. The earlier you begin, the better.

If you are making a political contribution, remember there will probably be a record of it even though contributors of less than \$100 do not have to be identified in reports to the government.

You can get 1963 election information on your state from the Public Affairs Department, Chamber of Commerce of the United States, Washington 6, D.C.

The anxious years

If you're in your middle 40's, you may be entering what the Menninger Foundation's Harry Levinson calls the anxious age.

Many executives find it difficult to adjust to the changes that occur when they are no longer confronted with challenges of the future and begin to contemplate past achievements; when they are considered to be running out of steam instead of building it up.

Dr. Levinson suggests you do three things to replace some of the losses you may suffer in middle years:

1. Discharge aggressive energy in new ways. Engage in physical activity where you use your large muscles, or participate in public service of some kind. Dr. Levinson cites the executive who became an authority on Japanese prints; also a professional man who bought a drug store and spends part of his time in it.
2. Make new friends. Sometimes finding new activities to discharge energy will also develop

the new friends you will need as your old ones depart. Volunteer work can help.

3. Seek new adventure. Through frequent travel in strange places you can become a speaker before service clubs and thus develop a new circle of friends.

"You do yourself two good turns when you take steps to do something about your psychological losses," says Dr. Levinson. "You alleviate the pain of middle age and also prepare yourself for retirement."

Here's help for travelers

Will you be looking for stopping places off the beaten path while driving in Europe?

You'll find information about them and other new facts on travel in 25 countries in the 1963 edition of AAA's 708-page book, "Motoring Abroad."

If you're particularly interested in Germany, "Motoring in Germany," 32 pages, maps out 11 suggested one-day driving itineraries, each covering about 125 miles, and describes what you'll see. It's free. Just contact German Tourist Information Office, 500 Fifth Avenue, New York.

"Famous Restaurants of Europe," 52 pages, is available free from North German Lloyd, 666 Fifth Avenue, New York. Fits your pocket.

How's your weight?

If you have a weight problem, you'll be interested in new views and information on the relationship of weight to good health and living.

Doctors seem agreed that you will live longer if you are underweight rather than overweight.

Says Dr. Paul D. Cantor, of Bethesda, Md., "Persons slightly underweight maintain better

health and live longer than those overweight."

Latest insurance statistics show that the length of life decreases in direct proportion to excess weight as follows:

If you are overweight by 10 per cent, your chances of surviving the next 20 years are 15 per cent less than if you had ideal weight; for those 20 per cent overweight, 25 per cent less; for those 30 per cent overweight, 45 per cent less.

The ideal weight, insurance companies say, is what you weighed at 25, assuming it was fairly average.

This would call for weight-reducing in later years, because most persons are heavier at 50 than they were at 25. One understandable reason for losing pounds in later life is that it is necessary if you are going to shed fat that has replaced muscle.

No matter what your weight, Dr. Cantor advises some exercise to minimize the possibility of a heart attack.

"Persons who sit at a desk all day," he says, "are decidedly more prone to cardiac complications than those who maintain a sensible, moderate exercise program."

In hot weather . . .

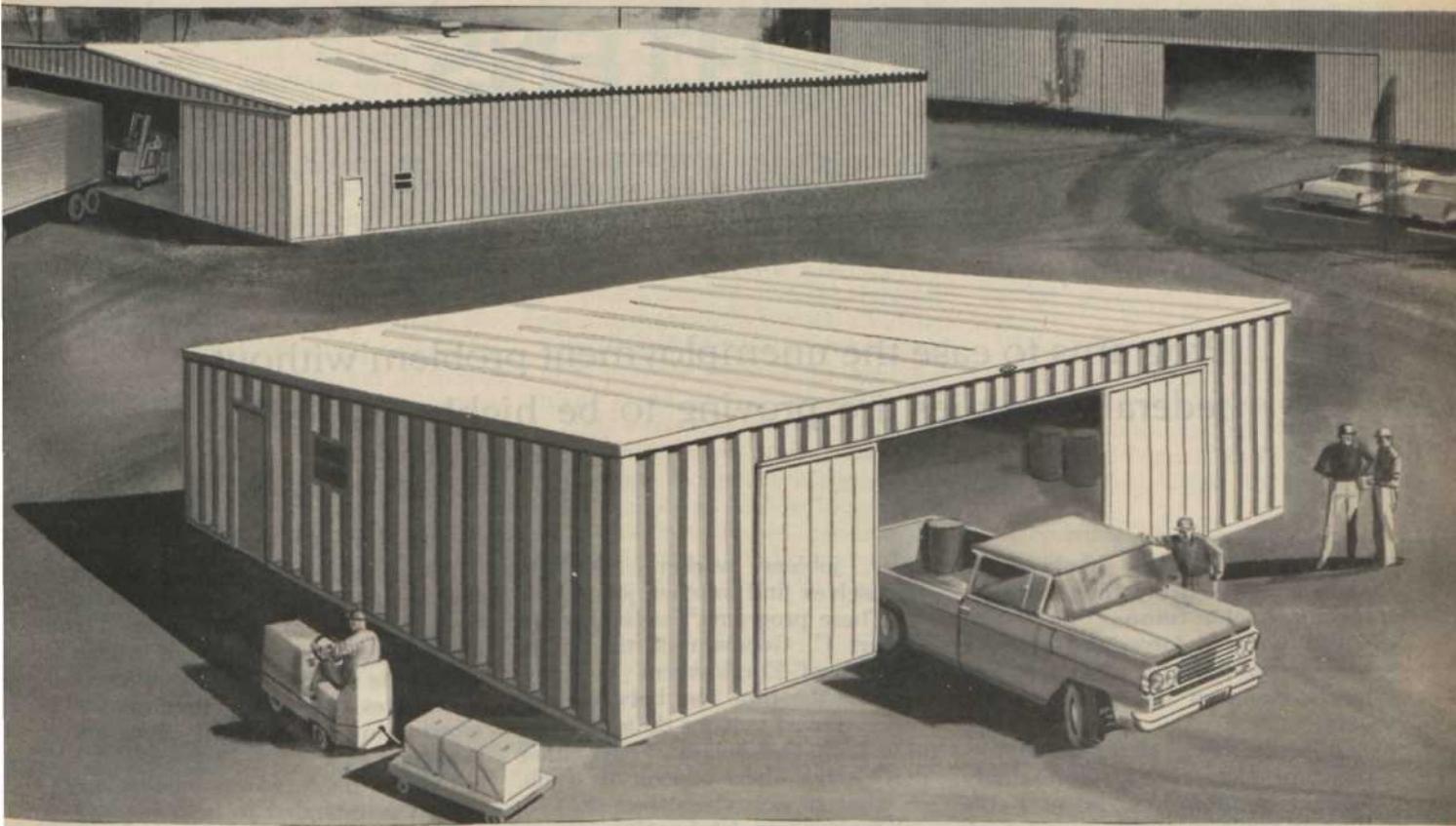
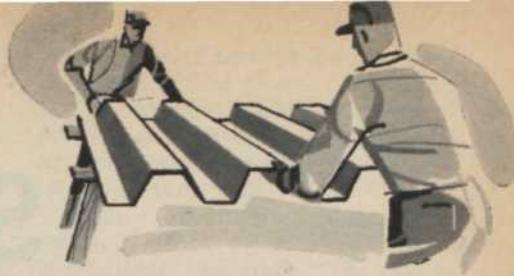
If you like wine, try this for an appetizer:

Marinate melon balls in sauterne or other white dinner wine with a dash of sugar and fresh lime juice. Serve in chilled sherbet glass.

For dessert: With a melon ball scoop, put two balls each of three kinds of fruit sherbet in a serving dish. Pour cold champagne over them. It's called rainbow sparkle.

Incidentally, if you get to London or Rome you can buy "imported" American wines for the first time in Europe at the new Hilton hotels.

**A few men with hand tools
can put it up in hours!**



Butler's new Panl-Frame building



WAREHOUSE BUILDINGS



SHOPS



UTILITY BUILDINGS



GARAGES

You build by the clock—not the calendar! And you get the sturdiest "blue-collar" building at the lowest cost ever. Because new Panl-Frame is a completely *packaged* metal building—sized, cut and punched in advance. There's nothing to cut, nothing to measure. *The panel is the building!* So a few men with hand tools can build an average sized Panl-Frame building by the *clock*!

There are no bulky frames, no trusses. Panl-Frame panels have more corrugations, deeper, stronger corrugations. So they function as both cover and structural framework. Available labor can easily bolt the panels together. They're self-aligning. Even the windows and service doors are factory-located.

Nothing adapts to so many "blue-collar" building needs as efficiently as new Panl-Frame. It's the best possible value for large utilities, manufacturers—*any* business that requires warehousing, garages, field maintenance or utility buildings. And remember, new Panl-Frame is from Butler—the most experienced manufacturer of pre-engineered buildings—the only manufacturer who offers you a complete selection of *five* grades of factory-fabricated metal buildings.

Ask your Butler Builder for details. He's in the Yellow Pages under "Buildings," or "Buildings—Metal." Ask too, about Butler's finance formula for progress, terms up to 10 years. Or, mail the coupon!



Butler Manufacturing Company • 7456 East 13th Street, Kansas City 26, Missouri

I am interested in a Panl-Frame

garage shop utility building warehouse

Name _____

Position _____

Firm _____

Student _____

Address _____

City _____

Zone _____ State _____

SELF-HELP BRIGHTENS JOB OUTLOOK

Programs to ease the unemployment problem without federal subsidies are proving to be highly successful

UNEMPLOYMENT is likely to remain at a relatively high level for the foreseeable future.

But positive forces are at work to ease the harmful impact of jobless workers on the nation's economy.

A sticky aspect of the unemployment problem is the increasingly longer duration of idleness—the time it takes a person to get back to work or, as is more often the case, find another job. During the past five years unemployment benefits have been paid for an average of about 14 weeks, three weeks longer than during the previous five years.

Such statistics have often been cited as proof that unemployment pay should be extended, that the federal government must do more for the unemployed, and that tax-financed job retraining is necessary.

Jobs naturally are harder to come by when unemployment is high and competition for them is keen. Even so, much of the increase in time between jobs stems from the inability or unwillingness of unemployed individuals to make the right kind of effort or preparation to land a job.

For some job openings do exist no matter how heavy unemployment is. The duration of unemployment for many workers can be minimized by helping those who are unemployed find and prepare themselves to fill available openings.

Many private and public employment offices are gearing themselves to do just that—help and in-

spire jobless workers to help themselves find another job.

"These programs," says Director Robert C. Goodwin of the U. S. Bureau of Employment Security, "reduce the time lost between jobs because most persons do a poor job of selling themselves. They either don't know where to look for a job, or what to say when they do."

"Training in job-hunting is very valuable. Besides showing the individual how and where to hunt for a job, educational programs often can point up his shortcomings and stimulate him to take additional training."

Mr. Goodwin says there is still substantial demand for workers in certain types and skills, but they tend to be pretty high up in the scale of skill requirements.

A month ago BES listed 11,784 professional job openings which public employment offices were unable to fill from within the state and were put in interstate clearance. The largest numbers were engineers, teachers and nurses.

Many of the long-term unemployed, according to Mr. Goodwin, are marginal groups who lack education, training or physical abilities.

"Our job retraining programs are designed to be of some help," he says. "If we could upgrade some of those already working who are capable of acquiring higher skills it would make room at the lower levels for those who are incapable of being trained or unwilling."

"Of course, we may have to train two or three up the line to make room for one at the bottom. We are going to have to depend mostly on private industry and the workers themselves to do this. Perhaps the growing interest in adult education is a good sign."

Private and group counseling programs intended to help workers help themselves find a job will be just as important in the event of a future labor shortage as they are now, Mr. Goodwin believes.

"Programs to lessen the time between jobs would be one of many needed to get better utilization of the then-scarce labor force," he says. "Training programs would be stepped up and measures developed to increase the mobility of the labor force to shift workers from where they are less needed to where they are more needed."

Long-term job idleness is costly to employers, who pay unemployment taxes; to the jobless, whose income is reduced, and to businesses which depend on consumer spending. It also increases pressures for more and longer unemployment benefits under federal control and for more government job retraining help.

Executives of private placement agencies feel that the duration of unemployment can be reduced and much of it eliminated if employers were more willing to break down or re-arrange a job to fit an applicant who possesses some of its require-

ments, and if placement offices did a more effective job of matching basic skills with basic job requirements.

"Every applicant, no matter how long he has been unemployed, has an asset," says Ted Wilson of Wilson Personnel, Inc., Washington, D. C. "That asset can be used very effectively by some employer.

"The solution is simply a matter of working long and hard enough to find the employer who can use this asset as the beginning of a new career.

"A former pastor who had experience working with people with job problems might find a rewarding career in personnel work. His experience in raising funds might be utilized by a nonprofit or charitable organization. He might also make a good community affairs director of an organization interested in making a public service contribution to the community.

"Both the jobseeker and the employer trying to fill an opening must find positive factors which can bring the two together—rather than seek reasons why the applicant doesn't qualify."

The Oregon Bureau of Labor and Portland Community College recently completed a highly success-

ful six-month pilot group training course on "Creative Job Search Techniques" which is attracting interest from other states and communities.

Of 1,000 unemployed and underemployed who took the three-hour course, 700 found gainful employment—although most of them had been unemployed for two months or more—according to Ray A. Ziegler, director of the Bureau's Senior Worker Division.

"Many of the participants who found that they had obsolete skills accepted lesser paying jobs and sought the retraining necessary to restore them to working positions commensurate with their potential," he told *NATION'S BUSINESS*.

"Educators, government and businessmen cannot do the job all alone. The individual who is unemployed must pull his share of the load, but many times he does not know how.

"We were able to give each of the 1,000 individuals three hours of classroom lecture, conference and group guidance on how to get a job at a total cost of 144 man-hours of counselor time. Traditional man-to-man counseling would have required 3,000 man-hours."

Mr. Ziegler says that many of the unemployed remain jobless longer

than necessary because they depend on others to find jobs for them and do not supplement the services of public and private employment agencies with an aggressive job search of their own.

"Many others are reluctant to move to areas where employment is available," he adds. "The majority have never analyzed their life work experiences and potential for productivity in the light of current and projected labor market demand. Consequently, few ever achieve their vocational potential.

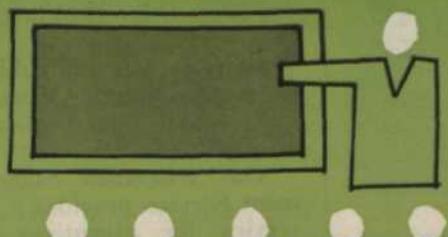
"Ours is a positive and inexpensive method by which the average job-seeker can be motivated to supplement the services of placement agencies by an aggressive and effective personal job search campaign."

The 1,000 job-seekers who took the course included a wide range of educational levels, from grade school to postgraduate degree levels. Their ages ranged from 16 to 76; their experience from zero to executive levels.

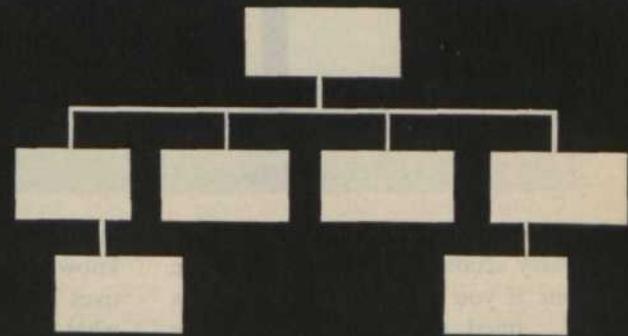
According to Mr. Ziegler, the community experiment was designed to build self-confidence and self-analysis in the unemployed and underemployed.

"The project was not aimed at

Unemployed can be guided to new jobs through:



1. Group counseling on how and where to look



2. Breaking down jobs to fit jobseeker's skills



3. Upgrading skilled workers to make room at bottom



4. Retraining jobless and increasing their mobility

getting anyone a job," he says, "but motivating individuals to conduct an extensive and systematic search for their own jobs."

Participants were told that searching for work is a full-time job in itself; that applications must be increased from the maximum of five reported by the group to as many as 40 in order to find work commensurate with the individual's abilities, aptitudes and desires.

They were advised that they had in their favor the normal attrition rate of labor turnover and many avenues to possible employment, including placement services, civil service, friends and neighbors, help wanted and situation wanted ads, union business agents and direct contact with employers.

Class members received a general summary of labor market conditions and instructions on how to relate their own skills to employers' present and future needs.

They summarized their own work assets, submitted the salability of them for discussion in class, and drew up a plan of action for seeking employment.

Most class members had salable skills but were unaware of pertinent qualifications for employment.

A report on the project is available free from the Bureau of Labor, 466 State Office Building, Portland, Ore.

Many private and public employment offices provide special counseling for older and professional employees.

The Wisconsin State Employment Service provides a placement service for executives, managers and professional personnel.

A "Memo to Mature Workers," published by the New York State Joint Legislative Committee on Problems of the Aging, advises them to plug their experience, not apologize for their age, when they are seeking a job.

The Texas Employment Commission gives persons it refers to employers for job interviews a leaflet, "Sell Yourself," which gives the job-seeker tips on how to look his best, how to prepare for the interview, and how to talk to the employer.

Such efforts as these, together with the continuing activities of private employment agencies and counselors, represent constructive attacks on the unemployment problem.

END



NOTICE: prices do not include cost of alterations

There is such a thing as a cash-and-carry accounting system. You have one if you use store-bought forms . . . lined, ruled and columned for the average business.

There is *no* such thing as the average business.

There is only *your* business.

You have to alter store-bought forms and force-fit them to your business. When you do, you alter your accounting system costs too. You can blame wedged-in lines on ledgers, wasted columns in journals or typed-in notes on invoices for time lost in detail, errors, late billing, prestige loss. You can have

these system weaknesses and not know it. Todd Division representatives know how to find them and what to do about them. This service costs you nothing. We've probably solved many times any problems you might have, mechanical as well as manual. When we're through, your system will be tailored exactly to your way of doing business, efficient in all phases: media preparation, writing and distribution, reporting. We even put your business *image* on invoices, checks, statements. Get the accounting system carefully form-fitted to your needs. Call or write.



Burroughs Corporation / TODD DIVISION • ROCHESTER 3, N.Y.

IMPORTS AND SKILLS

continued from page 37

becoming increasingly mechanized in this country, stiff competition is offered by equally modern foreign plants with lower unit costs and by Far Eastern cottage type assembly operations.

What manufacturers say

"If a manufacturer in Japan has the technological competence and facilities to make a certain product, there is little we can do to counter the five to one ratio in labor cost," says Robert C. Sprague, board chairman of Sprague Electric Company of North Adams, Mass., a maker of basic components for the electronics industry. Mr. Sprague is chairman of the Electronic Industries Association's committee on imports.

"Fortunately the Japanese can't make everything," Mr. Sprague adds. "There aren't enough Japanese and they don't have sufficient capital or development time to compete across the board.

"We must have a broad enough technological base to shift to something else if the Japanese go into a particular line and prove to be competent at making it. They have become competitive recently in manufacturing certain ceramic capacitors, a relatively sophisticated product. So we don't make them anymore."

Consumer products make up about half the imports in the electronics field. American manufacturers have been stimulated by the challenge.

"We have to work harder and be smarter and more efficient—not only in research but in management, operations and marketing—to meet foreign competition," says W. Walter Watts, RCA group executive vice president in charge of components and consumer products.

"The day is over when a new company could gain a foothold in the electronics industry by moving into a vacant area with a product that wasn't being made. The corporations that survive the next 10 years will be the ones that are diversified." Diversity, he feels, gives a company the strength to withstand intense foreign competition in a particular product and also provides a broad base from which to move rapidly into new areas.

Joseph F. Wright, president of Zenith Radio Corporation, says:

"We've done a pretty good job

of competing with foreign firms, but profits certainly have been squeezed down. It's difficult to operate when wages are higher than those of your competitors. We must handle it by better technology, styling, and quality."

Raymond W. Saxon, president of RCA Sales Corporation, adds:

"We must plan on cost reduction from an engineering viewpoint, making our products with fewer parts but without sacrificing quality. We hope to raise volume through lower prices, and our projections show volume increasing. We're also spending more money on advertising to presell the American public on our brand name."

"Innovation, good basic design, and improved marketing are the requirements for meeting competition, which is very emphatically on the increase. Of the 18 million transistor radios that we expect to be sold in America this year, about six million will be imports."

"You have to be wide awake and fast on your feet these days or you won't be around."

The technological lead of U. S. manufacturers has provided relative security from import competition in commercial and industrial electronics, but shipments of low-priced Japanese transistor radios and other consumer goods provoked some fast engineering and scientific footwork. American industry is now marketing pocket radios at prices competitive with good-quality imports.

"We did the job with more automation, better buying, and more effective use of printed circuits," explains Mr. Watts. "We also use some Japanese components, where they meet our specifications. It's all a result of learning how to do it. Better fundamental physics, chemistry and metallurgy have come from the research lab, and our scientists have developed better technology for making transistors."

"We've also had the advantage of all the forces that come to bear when you get into mass production. Because of the increasing applications of transistors, total production has gone up tremendously. The cost of consumer-type transistors has come down from about \$2 to 50 cents each in the past several years."

Strategy at Bell & Howell

The photographic industry has long been in competition with foreign firms, and the pace has stepped up in recent years. Mr. Percy tells how Bell & Howell handles the situation:

"The way to meet import com-

petition doesn't lie in a political approach, as through tariff increases, but rather in an economic approach. In a free, competitive market management has the obligation to adapt capital, physical facilities, personnel, and managerial talents to the ever changing needs of its customers.

"We have found it necessary to invest heavily in new product development and in capital equipment, as well as in product tooling, to reduce the number of labor hours in each product and strengthen our marketing efforts.

"We have devoted continuing emphasis to research and development in order to bring revolutionary innovation to the camera market. This has put us well ahead of foreign technical competition. We also have found that revolutionary new concepts are not necessarily always developed in the research laboratory. For example, in the field of marketing we have utilized the technique of direct mail marketing with our dealers to expand installation purchases of low-priced, simple-to-operate motion picture kits."

Bell & Howell has diversified as it has grown, evolving in a dozen years from a company primarily engaged in making a limited line of motion picture equipment to a company manufacturing not only an expanded line of photographic products but a broad line of electronic instrumentation, data processing systems, high-vacuum products, and business machines, equipment and supplies.

The machine tool industry, which has enjoyed a healthy export market in Europe, is feeling growing pressure in this country from European manufacturers who are catching up with their own domestic backlog. Japan is just starting to test the American machine-tool market.

"We must stay ahead of our foreign competitors on new features and design," explains Francis J. Trecker, president of Kearney & Trecker Corporation of Milwaukee and former president of the National Machine Tool Builders' Association. "We have a technological advantage and we've got to keep it by constant innovation."

"Foreign companies are trying to make more inroads into our home markets, and we'll lose some because of price structure. The greater the labor content in a product, the more vulnerable it is to competition from countries with lower labor costs. Machine tools are

(continued on page 77)

WORLD BUSINESS: How it affects you

Excess capacity— new trade challenge

Economist Intelligence Unit of London, in a special report, weighs impact of burgeoning production of steel on international markets

A NEW steel plant is planned at Bokaro, India.

Should it get financial help from the United States?

Here is an issue of importance to U. S. taxpayers. President Kennedy's dispute with Congress over this question centers on the issue of aiding state-owned industry which will compete directly with private companies.

Yet, for an industry with idle capacity, the project in India has implications more far-reaching than the doctrinal conflict involved.

In itself, Bokaro will add only one third of one per cent to the present steel-making capacity of the free world initially and perhaps double this figure eventually.

Even so, it brings into relief the problems which steel shares with several other basic industries—oil refining, heavy chemicals, shipbuilding, and textiles among them. The problems arise from the increasing duplication of productive plant on a world scale.

Steel-making capacity is a somewhat elusive quantity. In the free world, however, crude capacity was around 320 million ingot metric tons annually at the beginning of 1962, an increase of more than half since 1955. This was a steeper rise than the apparent consumption of steel. On the large assumption that

present plans are fulfilled, capacity is likely to increase another 55 million tons by 1965—or more than 17 per cent in three years. In the early 1970's it could near 450 million tons.

While the mushrooming of steel plant in the less-developed world is the more spectacular feature of this growth, the more industrialized countries are themselves responsible for the greater part of the current excess capacity problem. North America, Western Europe and Japan together account for more than 90 per cent of the free world's crude steel-making capacity. But in recent years American steel companies have been operating at less than 70 per cent of their capacity, while in the United Kingdom the rate of plant utilization has fallen below 75 per cent.

The six nations of the European Coal and Steel Community have had faster economic growth, and have used steel plant more intensively; but even here the record has begun to slip. Meanwhile, the rest of Western Europe has roared ahead with its own steel production, capacity rising by about 70 per cent between 1955 and the start of 1962.

Japan more than tripled capacity—to 30 million tons—and became the third largest steel producer in

the free world after the U. S. and West Germany. In the same period, Australia and South Africa raised capacity by more than half and Canada by not much less.

Yet capacity in all these countries continues to expand.

Unless old plant is scrapped at a greater pace, potential output in Western Europe will be more than a fifth higher in 1965. Both the Six and Britain expect a wide margin of spare capacity over the next few years. U. S. steelmakers may install another eight million tons by the mid-1960's. Only recently they hoisted capital spending plans for 1963 some 27 per cent above the 1962 level. Japan has recently run into surplus-capacity problems, and it may have nearly 30 per cent more capacity in 1965 than at the start of 1962.

Why are the established producers apparently adding to their own problem of surplus capacity? The answers are complex. Even if world consumption of steel is expanding less quickly than total demand, as more and more is spent on services and the like, it is still constantly rising.

Plant for producing certain types of steel is still relatively short; until very recently, sheet capacity in Western Europe was inadequate to meet growing needs. Moreover, it

is hard to gear fixed investments in steel very accurately to short-term shifts of demand, because of the magnitude of the plant involved. A vicious circle also has developed. Slack demand and surplus plant have meant falling profits and keen competition.

Modernization and greater efficiency are, therefore, the main motives for new investment. But new techniques and scale economies cannot always be introduced without boosting capacity.

Steel surge is world-wide

The big producers' superabundant capacity is not greatly restraining steel-making aspirations of the less developed countries. From the United Arab Republic to Peru, and from Nigeria to South Korea, plans for starting or expanding steelworks are burgeoning.

India is the leader. It raised its capacity by about three times between 1955 and 1962 to some six million ingot tons. Largely by extending the four publicly owned plants completed in 1960-61, and with the addition of one million tons at Bokaro, capacity should reach 10.2 million tons by 1966.

In neighboring Pakistan, too, things are moving. The site for a semipublic plant at Chittagong, with a capacity of 150,000 to 200,000 tons, was prepared last year, and a privately owned plant capable of turning out 350,000 tons a year should be ready by 1966.

In Latin America, capacity nearly tripled in the seven years to 1962 to nearly eight million ingot tons.



GILHAUSEN, B.S.

India's Rourkela steel plant (above) was built with aid of West Germany. U.S. may help finance Bokaro facility

Large steel industries are established in Mexico, where production of around 2.5 million tons in 1962 was three times higher than in 1955, and Brazil, where output more than doubled to about 2.8 million tons.

An integrated plant has been set up in Argentina to bring capacity to nearly 700,000 tons, and the Orinoco plant in Venezuela is building toward its full capacity of 600,000 tons a year.

All these countries, along with Chile, Colombia and Peru, have plans for further expansion. These could raise capacity in Latin America another 50 per cent by 1965.

Performance may fall short of hopes in the less-developed areas.

Plans often encounter financial, technical or political snags, as Colombia and India—to name only two—have learned. Even so, the expansionary course is firmly set. The imperatives behind it are savings in foreign exchange and the creation of jobs.

In some cases, natural resources favor steel: India, Brazil and Venezuela all have a substantial iron ore base. But the niceties of steel location theory may be lost in the drive to industrialize. To the underdeveloped countries, steel is not just another industry. Because it attracts consuming industries to it, it is a prime mover in economic development. Moreover, it has become a status symbol, an outward sign that a country is industrially on the move.

Development behind the Iron Curtain is in the same direction, too. Here, production probably topped 100 million tons of crude steel in 1962. By 1965, Eastern Europe may be turning out more than 125 million tons, while China could then be having more success with efforts to improve on its eight million tons or so of modern capacity.

Impact on trade

What does the world duplication of productive plant mean for trade?

Adjustment, not simply contraction, is the general answer.

Clearly, the exports of established steel producers will be affected. There is, for example, a close connection between the rise of Canadian steel output and the fall in its steel purchases from the U. S.

Some of the new steel producers impose import controls. Others, Venezuela, for example, will prob-

GLOBAL TRADE TRENDS

Japan's economy is surging again and businessmen plan big investment spending in petroleum refining, petrochemicals, synthetic fibers and cement. . . . By recent relaxation of controls India may import some automobile parts and diesel engines, but textile machinery has gone on prohibited list. . . . Sudan's development plan promises markets for vehicles, agricultural machinery and installations for consumer goods industries. . . . South Africa, with full gold and exchange coffers, plans

massive, multipurpose project on Orange River. . . . Soaring sugar prices signal better markets for Western Hemisphere producers. Look for opportunities in Dominican Republic, where import controls have been dismantled. . . . European Free Trade Area is speeding up industrial tariff cuts in bid to sweep away barriers to intra-member trade by 1967. . . . France, still contesting British membership with its Common Market partners, faces renewed inflationary pressures.

WORLD BUSINESS: How it affects you

ably need to export, at least in the early stages, to make full use of new mills. Yet steel consumption rises fastest in the middle stages of industrialization, around the point where developing countries are establishing their own steelworks.

Certain steel products—usually plates, sheets, tubes and special shapes—and special steels generally remain in short supply. Neither India nor Brazil expects a significant drop in steel imports by 1965, despite the growth of home production. Although U. S. shipments have declined in recent years, steel exports of the free world apparently have risen faster than steel consumption. The important point is that, rather than contracting, international trade in steel is becoming increasingly specialized and increasingly competitive. The surfeit of capacity in major steel-producing countries reinforces these trends.

More important to the U. S.—for the domestic steel industry is not really export-oriented—are the secondary effects of proliferating steel plant. Each new works in the underdeveloped world means the growth of steel-using industries, often highly protected against the imports they will displace.

The rising living standards associated with industrialization mean more a change of emphasis than a total loss of import requirements. It is up to the industrial giants to satisfy the growing needs of the developing countries for the more complex, advanced goods they still cannot produce for themselves.

In addition, the multiplication of steel plants throughout the world means a dynamic market for plant and know-how. Koppers Company, Inc., the Blaw-Knox Company, and the Swindell-Dressler Corporation are among the U. S. companies actively participating, sometimes as members of consortia, in setting up new steelworks in far-flung parts of the globe.

There are snags: Work of this nature has a strong political element, and financing is usually a big problem. U. S. suppliers have to be competitive (sometimes with communist countries) not only in their goods and technical services,

but also in the credit terms they can offer. Even so, there is still wide scope in this field.

RUSSIANS ARE PRESSING FOREIGN SALE OF PATENTS

IT IS widely assumed in the West that the Russians are technically backward outside the field of space travel and nuclear research.

Visitors to Russia contrast the relative backwardness of the smaller towns and villages with the glories of jet travel on Aeroflot. Soviet foreign trade organizations are active all over the world, purchasing various types of specialized equipment; and primary products, such as timber, figure significantly in Soviet exports.

It is true that the pattern of achievement in the Soviet Union is uneven. But it would be wise for western businessmen to keep abreast of Russian scientific and technical developments.

Soviet inventions and technical processes are patented in the normal way and investors are duly rewarded. Soviet patent law is not radically different from western patent law; it closely resembles German patent law. Patents are published at regular intervals and certain specialized publishers, such as the Permagon Press in England,

Exchange of patents with Russia is made more difficult by the fact that the U. S. S. R. is not a signatory to the 51-nation general treaty on patents, authorities in Washington point out.

Sale of Russian inventions abroad is further complicated by the tendency of the Soviet proudly to publicize new inventions and processes, thus giving away details to anyone who cares to read about them and making it impossible to obtain a patent in many other countries.

issue English translations of the more important Russian patents.

Soviet patent law focuses on three distinct categories.

A discovery: This is defined as a completely new scientific principle or objective law. The theory of relativity or the splitting of the atom would fall into this category.

An invention: This is an essentially new solution to a technical problem.

A new concept for improving efficiency and organization.

Nearly all Soviet patents fall into the last two categories.

So anxious are the Russians to sell their patents abroad that their central patent agency, Litsenzintorg, has appointed firms in various countries to act as agents. In Italy they have appointed Finsilta as their sales agent; in Britain, Martech Consultants.

It may be thought that this Soviet drive for the sale of their inventions abroad is insignificant. But the Schneider Depattre Levivier company of France recently purchased a license giving it exclusive rights to certain Soviet techniques of continuous steel pouring. The U.S.S.R. accounts for a third of all the continuous steel pouring plants in the world.

The French company plans to build a Soviet-designed plant in Belgium with an eventual capacity of six million tons a year.

This will be an entirely new type of plant. There will be no slab or rolling mills since the process supplies cast ingots directly to the steel rolling mill.

According to Russian calculations, in the new process 3.5 million tons of ingot steel will turn out 3.2 million tons of rolled steel. Under the old methods, 4.2 million tons of steel would have been required to turn out this quantity of rolled steel.

The Italian firm, Prodesti, has purchased a license to produce and sell a Soviet industrial pneumatic plant control system. Prodesti believes there are prospects for large-scale installation of systems of pneumatic control for oil refining, chemical, metallurgical and other industries.

The international dispute over the supply of large-diameter steel pipe to Russia has been in the news recently. Russian technicians have high hopes of soon producing large-diameter oil pipe made of glass plastic. Among other advantages, such pipe would be impervious to rust.

Thus, there is enough evidence

to show that the West would be well advised to learn from the Russians in certain sectors of technical and scientific know-how quite removed from the publicized achievements of the cosmonauts. It is not sufficiently realized that the flow of knowledge between the communist world and the West is increasingly becoming a two-way process.

Western businessmen are still slow to grasp this. The vast potential markets of Asia and Africa are at stake, and a heavy price might have to be paid for complacency.

OUTLOOK BRIGHTENS FOR U. S. TRADE WITH INDONESIANS

IT'S TOO EARLY to be certain, but things may be looking up in Indonesia, a country that hasn't held many opportunities for U. S. businessmen in recent years.

The best guide here is not the usual economic indicators. They are unanimously discouraging. Exports are falling, foreign exchange reserves exhausted and imports are having to be savagely cut back. Both agriculture and industry are operating at a fraction of full capacity.

Above all, there is breakneck inflation. Prices have more than doubled in most cities since a year ago. In short, the economy is in chaos.

Yet such is Indonesia's potential prosperity and stock of natural re-

sources that the economy could be put on the road to recovery in a relatively short time if one man makes the right decision. The man, of course, is Indonesia's President Sukarno. He is pondering whether

to take the political risk of trying to cut government spending on the armed forces—80 per cent of the budget—subsidies to civil servants and prestige projects like the cherished Hotel Indonesia, and so help to restrain inflation.

Already there are signs that he is moving in this direction. His recent meeting with Malaya's Tunku Abdul Rahman, with whom he was only recently trading elaborate insults, may be the prelude to an easing of tension on the Malaysia question. At one time it looked as if Dr. Sukarno would use this issue as an excuse to keep military spending at a high level even after the Dutch had handed over West Irian (the original reason for Indonesia's efforts to arm itself with Soviet equipment). Some expensive projects have also been cancelled.

If President Sukarno does cut the budget deficit, it will be due to pressure from the International Monetary Fund and the U. S.

The I.M.F. has made it a condition for helping Indonesia through its acute foreign exchange crisis by lending it money to repay the service debts. It is also asking for devaluation, already partially conceded by new trading regulations fixing effective rates for imports and exports well below the official rate of 45 rupiah to the dollar.

More interesting for the U. S. businessman is the American government's role. At the moment it is considering a \$390 million multi-national five-year aid program. Whether this comes off or not depends a great deal on Dr. Sukarno's actions and the I.M.F.'s decision. If it does it will mean greatly increased opportunities for U. S. exporters, especially those able to supply road-making and rail-repair equipment, machine tools and spare parts, various raw materials, rubber mill machinery, diesel engines, fertilizers, electric generators and equipment, and various other types of machinery and spare parts.

For those interested in investing in Indonesia the prospects have definitely improved. The government is showing a much more friendly attitude toward foreign capital. Investors should not be put off by the fact that they will have to sign production-sharing agreements. This means that they will be repaid for their investment in shares of output and that the enterprises will be owned and managed by Indonesian nationals. The terms offered, however, may be good enough to be interesting to U. S. companies.

END

MORE SALES, LOWER COST!

Poor's Register can INCREASE SALES to executives at office or home, more than pay for itself time after time! We'll show you FREE. Write, phone H. L. Wyman, Senior Vice President: 212-WATKINS 4-6400

STANDARD & POOR'S
345 Hudson Street, New York 14, N. Y.
A454-173

YOUR POSTMASTER SUGGESTS:

Always include your ZIP CODE number in your return address



Advanced design with six "V" type hangers. Shallow, slanted hangers can't be borrowed. Square tubular steel in baked enamel or brushed chrome finish. Quality at low cost. Write for Catalog CV-60.

VOGEL-PETERSON CO.

"The Coat Rack People" ELMHURST, ILL.

SEND US YOUR LABEL

... if writing about your subscription. Just clip it off the front cover of your copy of Nation's Business and attach it. Then cut out this form and send it with your correspondence. If changing your address, include new address below:

Name _____

Address _____

City _____ Zone _____ State _____

Mail to: Nation's Business
1615 H Street, N.W.
Washington 6, D. C.



PIX
Key man in fight against inflation in Indonesia is President Sukarno

sources that the economy could be put on the road to recovery in a relatively short time if one man makes the right decision. The man, of course, is Indonesia's President Sukarno. He is pondering whether

MEET COMPETITION

continued from page 31

Collum tells **NATION'S BUSINESS**, "that imports will remain a relatively small part of gross national product.

"Thus, the main thrust of competition will probably come from within the United States."

Opportunities ahead

The challenges to come will create many new ways to profit through business.

"Companies that can create new consumer experiences and find an appropriate strategy to capitalize on the quality aspects of U. S. life should be more than averagely profitable," Mr. McCollum declares.

"The run-of-the-mill operator who continues to make the same products in the same way may face difficult times in the next decade."

William Blackie, president of Caterpillar Tractor Company, says:

"The major changes which I think I discern in competition will be related to speed and breadth. I believe we are going to see a faster tempo of innovation as well as more new products and improvements. And for many items, the competition is going to move from a localized to an international sphere."

Mr. Blackie adds: "I view the increasing competitive thrust coming from abroad as an addition to the new forms of competition developing from within the U. S."

"In many respects, however, the two will overlap as more successful corporations become multinational in their operations."

Of competition in the future, Mr. Ford says:

"It will make us better, more ef-



COYNE-BLACK STAR

Lower costs plus better selling is needed, says Joseph B. Hall

ficient, more ingenious. Companies will be able to prosper in this environment only by learning to serve customer wants better and more efficiently."

"Those that do not continue to learn may not survive, and their places will be taken by new competitors."

The intensity of future competition will be enhanced by the broadening complexities of consumer wants and needs. The chairman of the Ford Motor Company comments on these trends:

"In the automobile industry, competition is growing as companies strive to maintain or increase their share of the market. Moreover, we are competing not only with each other but also with swimming pools and boats and summer cottages and color television.

"Domestic steel producers are

competing with each other, with low-cost foreign mills, and with concrete, aluminum, plastics and other materials.

"As new and better and more attractive products and materials are discovered and marketed, competition within industries and between industries can only increase."

What keeps executives awake nights just as often as keen price competition, says Charles G. Mortimer, chairman of the General Foods Corporation, "is the specter of some competitor—big or little—coming out with a really significant improvement in his product or service, a super-duper new model, a glamorous new style, a package improvement that captivates the consumer, a patentable feature that gives him a basic advantage, a new advertising or promotion appeal that really wows the consumers."

Mr. Mortimer adds: "And the bigger the business, the bigger the worry."

It's in this spirit that Mr. Blackie says: "The effect of the new competitive environment should be to improve the performance of those who can meet the requirements and to make life very difficult for those who cannot."

Interindustry competition

Mr. McCollum believes interindustry competition will loom even larger during the years to come.

"There are already many examples of competition across industry lines," he points out. "Steel and aluminum vie with each other to supply materials to auto manufacturers. These same two industries, plus glass, compete in the market

New competition will improve performance, says William Blackie



for containers. Petroleum and chemical companies carry on competing activities in petrochemical markets.

"In energy markets during the next decade, I foresee vigorous competition among petroleum, natural gas, and coals. Shale oil, tar sands, and atomic energy may well come to provide additional competition in energy markets toward the end of this decade."

Mr. Lazarus comments: "As our domestic corporations alter their methods to adapt to world-wide competition they will, in the process of mutation, set up additional competition in the strictly domestic sector of the economy.

"For example, a watch-maker who decides to buy from rather than compete with the Swiss will inevitably find something new to do with his technical knowledge. He may well become a new competitor in a marketplace where he hitherto never sold.

"It is impossible to predict what responses will be made to the new competitive challenge. We can be sure, however, that they will be both infinite and varied."

On the broad scale, Mr. Lazarus thinks we have come to the time when we need to stop classifying business as domestic or foreign. "We are now," he says, "or soon will be, dealing with a single economic unit of world-wide dimensions. The competitive environment a decade hence will be truly international."

The world's supply of brainpower, for example, "will be fought for on an international basis—particularly as increased competition will put an ever greater premium on the kind of imaginative problem-solving that improves efficiency."

Outlook for profits

Although most executives believe profit improvement will come, few are wildly optimistic.

Mr. McCollum says: "This rising competition to be expected will initially put pressure on prices. It will be increasingly difficult to pass rising costs on to the consumer. This, in turn, will make it more difficult to maintain profit margins."

Just as part of the poor profit performance of recent years has been due to intensification of competition, it will be a part of future trends.

Mr. Ford's view is this:

"In the future, as in the past, the profits of individual businesses will depend on their alertness, their efficiency, their ability to assess risks and their willingness to take



Prosperity stems from good use of basic talents, says Ralph Lazarus

them. Total corporate profits will increase as the economy grows, but increasing competition will prevent any significant increase in over-all profit rates.

"On the after-tax basis, I certainly hope for some improvement. I believe a substantial reduction in corporate income tax rates must come soon if we are to reduce unemployment to acceptable levels and achieve a faster rate of economic growth. Improvement in the profit incentives for business investment and expansion would be one of the many benefits of a general tax cut."

Changing attitude toward profits

Mr. McCollum thinks there's a chance for profit improvement because of changing attitudes toward profits.

"I believe that Americans are gradually learning that profits do something more than buy Cadillacs for the boss," he says. "The anti-business sentiments of the depression years are giving way to the realization that the nation's economic health, the nation's ability to create more jobs for more people, are dependent on a level of profit that both permits business to reinvest in its own future and encourages investors to risk their savings on America's tomorrow."

"This change in attitude, in my opinion," says Mr. McCollum, "stems from two fairly recent developments. More and more Americans have become investors. I think they have been astonished to learn at first hand how thin the

profit margin really is and how small it looks in comparison to the slice of corporate income that goes to government and labor.

"Secondly, I believe that a goodly number of American workers have learned the facts of international competition the hard way. They have lost their jobs because some foreign producer—with newer and more efficient plant and production techniques—could sell in the U. S. market at prices that were far lower than those offered by a company whose profit margins had not permitted needed modernization."

Mr. McCollum mentions a third reason for the change in attitude toward profit. "Much of the recent discussion on the need for a tax cut suggests that government, too, is finally realizing that economic growth can stem more naturally from the profit system than from bureaucratic fiat."

"I hope I am right in visualizing a brighter future for the free enterprise system. If I am not, America will be nowhere in the upcoming competitive struggle."

Joseph B. Hall, chairman of the Kroger Company, thinks there will be some improvement in profitability over a period of years. "The surplus of production capacity as well as of retail outlets places a premium on efficient operation. Lower costs plus well-thought-out merchandising programs will be necessary to bring about this improvement."

"The increased competition which I foresee," says Mr. Lazarus, "will

MEET COMPETITION

continued

put a premium on those abilities which are required for business success—imagination, effective leadership, ability to communicate.

"These human talents—permitted to flourish in an organization that has established good standards for its own performance—have been, and always will be, at the root of corporate prosperity."

Mr. Wishart says:

"Industry is going to face the greatest shortage of management talent in the recent history of the country. There will be a high premium on the handling of people, but, more importantly, on the interpretation of their proper skills, their correct placement and the manner in which their years of service are manipulated in the various avenues of the business in which their talents are best suited."

Roger M. Blough, chairman of United States Steel Corporation, has this view of competition in the future:

"The pace of competitive and useful change undoubtedly has been quickened by the growth and use of new materials and their entry into markets formerly served by steel alone. But steel is a versatile, flexible and rugged competitor which, over the years, gained some of its markets from other materials and continues to do so."

"As a metal in competition with other materials I think we can be confident that steels will continue to give more value to the customer, to be strong and versatile, bright and clean, and inexpensive enough to be the first choice among materials."

To deal better with the forces of competition, Mr. Blough emphasizes research, new facilities, new kinds of steel, and management initiative.

"We do business in a fast-paced world of competition in which we cannot sell steel alone; we must sell a steel-oriented service. We must hold the initiative in providing our customers with the most complete service that our materials and our organization can provide."

Key factors in growth

Mr. Blough is confident that this competitive effort will work. "We have built our present world with a backbone of steel. As it changes and grows, it will become a new world of steel, for steels are the basic materials of growth and change."

Viewed in perspective, he says, "the existence of competitive materials ultimately helps steel's growth. The availability of many materials and competition among them are key factors in our country's over-all economic growth—a growth which stimulates demand for all materials."

Thomas B. McCabe, chairman of the Scott Paper Company, rates public confidence very high in coping with the competitive era ahead.

"To me," he says, "confidence is the most important single factor in business. If the public has confidence in our political and business leadership, the economy expands—at times prodigiously. Once confidence is shaken, the economic machine falters and slows down until confidence is again restored."

"Our failure to recognize and appreciate the full significance of this priceless ingredient has been one of the most serious deterrents to our economic growth."

Mr. Wishart believes a type of competition which will predominate in the next 10 years will come "from companies that can make giant technological strides through research and development, overcoming existing products through superior performance and solutions employing entirely new concepts."

The competitive threat of obsolescence of existing products is increasing at a great rate. "About 90 per cent of all the scientists who ever lived are working today," Mr. Wishart points out. In addition to the fantastic strides of government, industry's research effort has shot up stupendously just in the past three or four years.

"This tremendous scientific and engineering effort, which is taking place in industry throughout the country, obviously gives companies greater and greater opportunities for scientific breakthroughs offering entirely new products and solutions to consumer needs, as well as the requirements of industry and government. New products and new concepts will be one of the key elements in all phases of American business," Mr. Wishart says.

Impulse buying

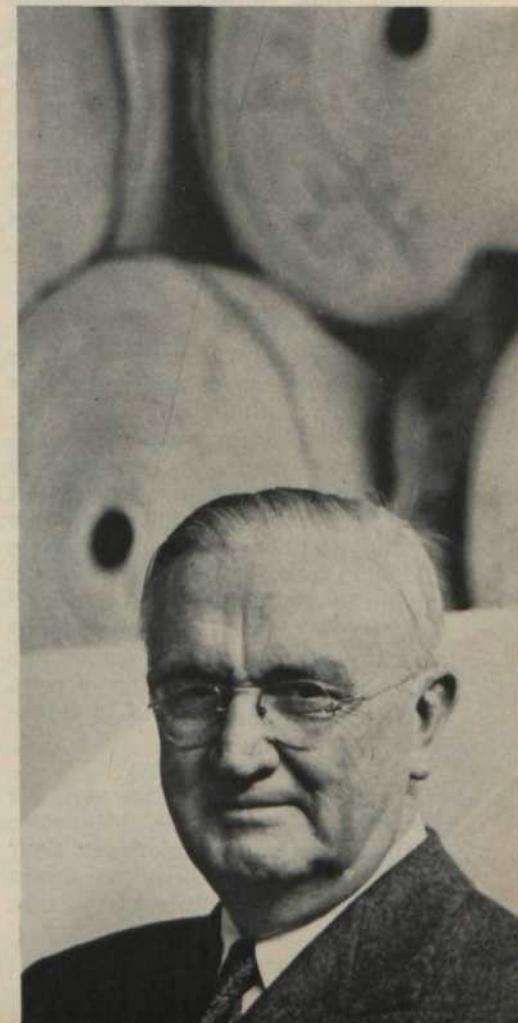
Another aspect of dealing with future competition involves relationships with customers. Tomorrow's customers will be more discriminating, says K. E. Staley, General Motors vice president for distribution. In spending for major purchases, customers demand not only the best product available, but also seek service in the broadest sense.

"The American consumer responds quickly and enthusiastically to thoughtful, considerate treatment," Mr. Staley says. "He wants more attention—not just lip service to his needs, but an active, constructive interest in his comfort and well-being. In short, he demands complete satisfaction all the way during the process of buying and owning a product."

Added leisure of future years will provide more time for decision-making as customers contemplate purchases. "This factor alone will retard impulse buying," he says. "Competition will result, therefore, from another source—that is, the customer's attitude toward the retailer. We in business must not only provide a good, usable, salable product, but must render a continuously satisfactory service if we are to meet the demands of the buying public."

W. B. Murphy, president of Campbell Soup Company, thinks the future will be hard on products that don't offer customer convenience. In his industry, Mr. Murphy points out, "We compete in the marketplace with a large number of other companies, and we compete in the homemaker's kitchen with

Thomas McCabe rates confidence very high as factor for progress





Security hinges on ability to be competitive, says Charles H. Percy

her own abilities to make and cook some of the foods we offer."

To deal with competition, he stresses selling, product innovation, better processing, as well as convenience, and high organization morale and good personnel.

He also stresses the importance of taxes to national economic growth. "Because of the tax burden, our private domestic investment has grown too slowly." Business, Mr. Murphy says, "needs tax rates and laws that help growth."

Responsibility of labor

Charles H. Percy, chairman of the Bell and Howell Company, also sees the need for continued improvement in management performance. "In addition," he says, "it is essential that labor and management find a common objective. Restrictive labor practices, such as featherbedding and unreasonable wage demands beyond productivity increases, strike at the heart of our ability to compete at home, as well as abroad, and thereby greatly restrict expansion opportunities for American business.

"Worse than this, such policies, advocated by labor leaders, are the worst enemy that the workingmen can have, for unless American business can remain competitive, the opportunity for security as well as advancement for the worker is lost."

Quality will play an increasingly important role in profit improvement. The competitive environment of tomorrow, says Mr. McCollum, stresses the importance of new products and new processes. This supports the assumption that research and development will be ever more important.

"With the U. S. economy at a relatively prosperous level and with more or less satiation of many of the necessities of life, quality and individuality aspects may assume a greater importance in American life," Mr. McCollum says. "Companies are already moving briskly into such quality markets. An outstanding example of this trend is the recent move by a major retailing chain to sell original paintings."

In addition to quality control, cost reduction, research, sales and management and production efficiencies, national policies should reflect the effects of the changing competitive environment. Two areas of particular importance are cited by Mr. McCollum:

Antitrust actions by government, he says, "should be based on a recognition that new ways of producing goods and services and new techniques of marketing are evolving. Regulation geared to some outdated concept of competition would tend to stifle competition, not promote it."

He urges, as do other executives, that foreign competition be considered in setting U. S. wage rates.

Worry about government

Most executives worry about government regulation and interference. Mr. Wishart has this view:

"Unless the winds change, business is going to continue to face increasing competition through government regulations resulting in reduced ability on the part of business to maneuver and respond to the competitive forces playing upon us in many markets."

To the question of how to deal

with the new forms of competition ahead, Mr. Ford says:

"I would like to give two answers. First, individual companies will need as much sheer management competence as they can muster—even more than has been necessary in the past.

"At Ford Motor Company, for example, we are convinced that, in order to succeed in tomorrow's markets, we must: be increasingly alert to changes in consumer preferences; produce a wide and growing variety of vehicles to match the particular needs and wants of users; introduce steady improvements in the total performance of our vehicles; achieve constantly higher standards of quality, reliability, and durability in all our products; improve the efficiency of our manufacturing and marketing operations so that we can increase the value offered per dollar without jeopardizing the profits necessary for a healthy business.

"Second," Mr. Ford says, "I want to comment on the kind of government action we need to make the



Consumers respond favorably to good service, says K. E. Staley

most of increasingly competitive business conditions.

"As competition increases, some people are going to lose the jobs they now hold and some companies are going to fail. As a result, the government will be under steady pressure to provide temporary, transitional help. I hope, however, that this help will not take the form of lasting restrictions on the free play of competitive forces.

"Competition is the most effective force available for insuring that business and industry serve the interests of consumers and the general public. Just as private monopoly is generally contrary to the public interest, so are governmental policies that would restrict the free play of market competition."

END

New guides help you plan

Variety of economic intelligence leads to better forecasts

NEW ECONOMIC INTELLIGENCE is rapidly becoming available. It will help you make better assessments of your markets, your competitors, and your company's opportunities in the economy as a whole.

For some firms the use of this new information can spell the difference between higher and mediocre profits in the more competitive market situation ahead.

The first releases from various new regional and national economic data-gathering programs are now available, or will be shortly.

On the next page is a list of some of the more important new breakthroughs and additions to economic intelligence on business, industry, and market trends that will affect your business.

A brief description of each of these, together with examples showing how the information can be useful to you, follows:

Output by major industries

This information for the first time measures how major industries are doing relative to other industries. You can quickly see if your industry is growing faster than the national average or whether it is lagging.

This may provide insight as to why your company is going the way it is.

Included is a new stream of indicators—real as well as dollar value of output, price and growth trends, cost-price structures of major industries.

Industry price, profit, and cost behavior as well as other performance reports derived from the new figures give you the basis for more intensive analyses and projections of business patterns and longer-range market developments.

Key comparisons can be made on a continuing basis. In recent years, for example, the farming, mining and transportation industries lagged behind the rate of growth of total national output.

The figures spell out what happens to the various parts of industry costs (labor, materials, fixed capital) as the volume of output varies in response to competition or other pressures.

The Office of Business Economics in the Commerce Department computes the new estimates and will issue them on a continuing basis.

Consumer spending by areas

New data on spending, income, saving, and other living patterns of the American population—all in considerable detail—will soon be available to help you in your planning.

Preliminary results of the most extensive of several new data-gathering projects have already appeared.

Some of the cities covered are Atlanta, Boston, Chicago, Detroit, New York, San Francisco, and Washington, D. C.

An increasing flow of facts on consumers is scheduled for the months ahead. These are being tabulated for all types of families throughout the United States and analyzed by area, city size, family characteristics and many other classifications. You will undoubtedly find them invaluable for production and sales planning.

The Bureau of Labor Statistics, which conducted this \$6 million survey, also has plans for extensive cross tabulation of the basic consumption and income facts. These compilations will give you the needed data to analyze, for example, basic differences in the demands for consumer goods, the use of discretionary income by consumer households, the impact of these on individual markets and the over-all economy.

Frequent resurveys are planned and will supply a continuing source of information of this type.

A closely related project will question aged persons in the U. S. on their expenditures, income and living accommodations and patterns. Persons 62 and

older will be covered. First results will be released by the Department of Health, Education and Welfare early in 1964.

They will contain facts on source of income, work experience, assets, liabilities, health care costs and insurance coverage, living arrangements and other economic facts.

If your business serves the increasing numbers of senior citizens you may be especially interested in these findings.

Figures on the distribution of income of the nation's 100 largest metropolitan areas are in the mill. You can expect information on about 20 of the largest areas soon from the Commerce Department. This study will give you a much more current and continuing source of information on income in your larger market areas.

Still another recently introduced set of figures is to be issued every two years by the Internal Revenue Service—"Statistics of Income" for the same 100 largest metropolitan areas. The tax figures will be especially helpful if you're a financial or fiscal analyst. They include tax take by class, size, level of income, and other factors.

National, regional conditions

Several measures of the pulse of the economy are newly available on both national and regional levels.

Based upon the pioneering business cycle research of the National Bureau of Economic Research, an extensive monthly statistical report called "business cycle developments" has been worked out by the Census Bureau.

This report contains a wide variety of information. There are, for example, some 128 columns of special economic information that will tell you such things as the layoff rate in manufacturing, value of manufacturers' new orders, new homes started, how many businesses fail and how many new ones are started, corporate profits, and so on.

These are divided into groups which provide additional information about national business trends. One grouping, for example, foreshadows major economic turns.

This is only part of the picture. Included as well is information about changes in business inventories, spot market prices of industrial materials, common stock price indexes, retail sales, personal income, employment and unemployment data, plant and equipment expenditures, wage and salary cost per unit of manufacturing output, and many others.

The University of Arizona Graduate School of Business has begun monthly publication of a series of 25 carefully selected economic indicators for Ari-

AIDS FOR BUSINESS

Looking for ways to improve your planning?

New economic indicators available from private and governmental sources may fill present gaps in your planning methods.

Here's a list of 12 new planning aids:

1. Output by major industries.
2. Consumer spending and income patterns by market areas.
3. National and regional business conditions.
4. New retail trade statistics.
5. Expansion of manufacturing and commodity data.
6. Basic industry growth studies.
7. Stocks of business fixed capital.
8. Interindustry purchases and sales.
9. New income tax impact figures.
10. New home building statistics.
11. Transportation, shipping and travel in the U. S.
12. Import-export data by industry and commodity.

NEW GUIDES

continued

zona. These include basic data on the most important areas of the state's economy, including mining, contract construction, transportation, tourism, and foreign trade.

The availability of regional and state economic intelligence of this kind is spreading widely. Most university research bureaus are in the economic intelligence business now. The 12 Federal Reserve banks publish similar information.

New regional indicators have been instituted recently by Indiana University and by the Federal Reserve Bank of Atlanta. The Boston, Chicago, St. Louis and Kansas City Federal Reserve Banks have been particularly active in providing basic new data and analyses for their regions. At present, projects of great potential value to business, financial and market analysts are under way at these banks.

Various state agencies are also beginning to provide much new information about business trends.

New retail trade series

Two key sets of data on retail trade are newly available. The first, a comprehensive weekly report on nationwide retail sales, appears only five days after the week's business. You can readily see the value of such timely information.

In addition, a new monthly series of retail trade in department store merchandise is under way for the nation's 20 largest metropolitan areas. These sales figures will be particularly helpful to businessmen who have had to rely on fragmentary information with some limited index numbers from the various Federal Reserve Banks.

The new facts will give distributors in these markets a potent tool for market analysis and short-term forecasting.

Both the weekly and the monthly series are now available from the Commerce Department.

Expanded manufacturing data

The coverage of two strategic sources of manufacturing facts is being expanded. The Federal Reserve's index of industrial production has added an important electric power series. This is part of a program which has been worked out with utility companies and industrial establishments generating power for their own use. National and regional information will be available on power consumption by

industrial plants. These figures will provide a new tool to help you analyze regional economic activity.

Census Bureau statisticians are broadening a basic set of industry analysis numbers, the current commodity survey, to encompass a whole new range of industry products. These data, which form the backbone of a good deal of the vital analysis of trends in manufacturing and the economy, are covered in 88 reports showing assorted facts on production, shipments, sales, unfilled orders and inventories on many of the basic products of American industry. These range from such basic commodities as

port and export possibilities, employment impacts, profit trends.

Stocks of fixed business capital

In another breakthrough, first time estimates of the stock of fixed business capital in American industry have been released as part of a project designed to establish measurements of the nation's capital stock. This report estimates plant and equipment stocks by major industries.

Originating in the Office of Business Economics, these estimates give an over-all view of broad interrelationships in industry and, therefore, will be especially valuable in forecasting growth rates.

In this connection, they will bring out the differences in the rates of investment in buildings and equipment in different industries.

Interindustry purchases and sales

A record of purchases and sales by more than 70 major industries has just been released. The figures will give you a new way of estimating the demand for basic commodities more accurately and in much finer detail. They will also be important in analyzing industry growth and fluctuations, price and cost relationships.

They are issued by the National Economics Division of the Commerce Department.

Income tax impact

A pilot study on capital gains and losses is the first in a new series of Internal Revenue Service reports to present detailed information on the impact of the income tax laws. Issued as a supplementary report to the tax agency's annual statistics of income, the study presents new figures on how taxpayers use capital gains treatment for approximately 40 different types of assets.

It may help you to decide whether to use this approach.

New home building figures

A report on total sales, including breakdowns by price groups, of new one-family houses in the U. S. and inventories of completed, unsold new houses was instituted recently by the Housing and Home Finance Agency in cooperation with the Census Bureau. At present, the new figures present only limited breakdowns. The totals are, however, grouped by type of financing.

The figures are now published quarterly but plans are under way to publish them monthly and by regions.

Two other new sets of housing

**Your business
and all businesses
face a tough new
competitive climate.
For an informed size-up
of the future
of competition,
see series of articles
starting on page 29**

steel to such complex machines as aircraft.

The new information series will include such varied items as electronic components, drugs and switch gear.

You can obtain these reports on a regular basis from the Census Bureau.

Industry growth studies

The first of a series of long-range industry growth studies is scheduled for release this year by the Commerce Department. These studies will attempt to get at the statistical basis for growth, or the lack of it, in individual industries.

The reports will provide you with important new data, such as prices actually realized for products by key industries. They will chart fundamental trends in employment and output. In addition, special studies are under way in such areas as im-

and construction data are now available and will be especially valuable to materials suppliers and manufacturers and builders. First is a Census quarterly survey of additions, alterations, and repairs and rehabilitations of existing structures; the second is a study of labor and materials requirements in construction. The latter is done by the Bureau of Labor Statistics.

Transportation, shipping, travel

The first release of an extensive statistical survey of transportation, shipping and travel is scheduled next spring.

Summaries of interviews in 6,000 households across the nation will describe their travel and transportation patterns. This will contain a wide range of facts including types of transportation used, distances, overnight trips.

A nationwide survey of trucking will give detailed data on the use of trucks, their numbers, and other relevant facts. Carriers of passengers and freight, both local and long distance, will be questioned to get the facts on equipment used, areas served, type of organization of the carrier and other related information.

Finally, a commodity transportation survey based on a nationwide sample of 10,000 plants has been set up. Bills of lading, destination of shipments, commodity mixes, mileage shipped, dates of shipment and arrival, origin of shipments received—all will be covered.

The Census Bureau will issue the findings.

Import-export data by industry

Approximately 2,500 commodity exports and 5,000 imports have been matched up with comparable production figures in an expansion of a relatively new program designed to relate the output of American firms to imports and exports of products they produce.

These figures may help you to measure the importance of foreign markets as well as the degree of competition by imports. The report is called "U. S. Commodity Exports and Imports as Related to Output." The Commerce Department is the source.

—HAROLD WOLOZIN

REPRINTS of "New Guides Help You Plan" may be obtained for 25 cents a copy, \$12 per 100 or \$90 per 1,000 postpaid from Nation's Business, 1615 H St., N.W. Washington 6, D.C. Please enclose remittance with order.



IS THE HONEYMOON OVER WHEN THE BANDAGE COMES OFF?

At the moment, this employee is feeling positively lyrical about his group insurance . . . but what happens when he's well again? All too often this appreciation gradually fades away. It's mostly a matter of forgetfulness. To treat this all-too-human frailty, we have created our *Management Recognition Program* for you. Throughout your plant and office, *MRP* constantly (but gently) reminds your people about the benefits of their Occidental insurance and about the thoughtful employer who provides it . . . in health as well as in sickness. The complete *MRP* kit—including posters, pamphlets, payroll stuffers, family-service booklets—is free to all Occidental-insured companies. Your local Occidental representative has a sample kit to show you. Or write Occidental Center, Los Angeles 54, Calif.

**Occidental Life
of California**

HOW TO HANDLE A BIGGER JOB

Steps to take and pitfalls to avoid on way up

AS YOU ADVANCE in your company, your perspective changes markedly.

In a way, it is like moving back from a painting. With each step you see less detail but become more aware of the total picture and of how each part contributes to it.

And not only do things look different. They are different.

The burden of responsibility cannot be measured in man-hours, working conditions or energy output. It is an intangible felt keenly by the man who has it. In many cases, it is felt not only during the normal working hours but on evenings and week ends. It is this factor, perhaps more than any other, that challenges the man who aspires to a higher position.

Top managers clearly want intermediate managers to accept individual responsibility. Edward L. Steiniger, president of Sinclair Oil Corporation, recently said: "There's too much expecting committees to solve problems rather than looking to those individuals who should bear responsibility."

Fortunately, added responsibility brings with it at least three potentially powerful new aids to meet the heavier burdens:

1. The zest of leadership.
2. The release of creativity.
3. The satisfaction of stimulating others.

Zest of leadership

The opportunity to lead provides a powerful stimulus to most men. At least in the early months of added responsibility, enthusiasm compensates for the burden of responsibility.

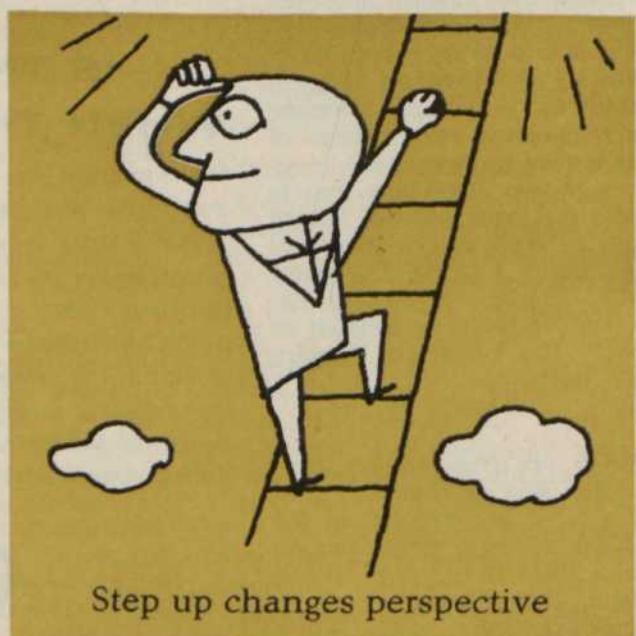
The degree of enthusiasm we feel for a particular task can almost be measured in our steps. Chances are that the steps which carry the newly promoted manager to his office are not weighted with care and tension. Rather his steps are purposeful and confident. However keenly he may feel the weight of responsibility, he responds to the zest of leadership.

As you focus your own ambitions on the next plateau, you can gain a measure of assurance from the knowledge that the chance to lead will release latent energy. The increased responsibility, though heavy, is not made up solely of stress and strain; happily, it also produces excitement and a sense of adventure.

Release of creativity

In every business, there are stores of untapped creativity. Sometimes the organization structure keeps it untapped; there are no clearly defined avenues on which ideas can be brought to the fore.

M. J. Rathbone, chairman of Standard Oil of New Jersey, says, "Employe relations won't be good if they are treated routinely—just delegated to somebody on the umpteenth floor and forgotten about in the board room. Any company is a human organiza-



tion, made up of people, every one of whom has the human characteristic of wanting to speak as well as to listen, to propose as well as to obey."

In many instances individuals are reluctant to propose their ideas because they do not believe they are high enough in the organization.

That's why an upward step often releases a flow of imaginative ideas. The increased authority permits direction of ideas into channels where they stand a better chance of being carried out.

Satisfaction of helping others grow

Increased responsibility usually involves the direction of more people. This factor alone constitutes one of the potential rewards of a step-up. For getting an important job done is more than systems, more than machines, more than organization charts. It is essentially people.

In the words of Don Mitchell, director of General Telephone and Electronics Corporation, "When you seek to analyze industry and appraise its performance, you sooner or later come to the realization that you are evaluating people.

"You will start out with financial information and production information, and you will be amazed at the size and scope of industrial operations, but sooner or later you will find yourself studying what that person did, or what someone meant by a certain policy decision, or how Joe is doing in a certain job."

The organization chart is a necessary reference guide. But it should not be permitted to obscure human factors. To begin with, it is changed from time to time. However, even when it remains the same for a long period, it tells you next to nothing unless you know something about the people whose names are in the blocks.

A promotion frequently affords the new manager or new supervisor an opportunity to get to know a great deal about these people. In this area alone, he will find plus values in the new job that more than compensate for the burden of responsibility.

Since your success at the next higher level will depend greatly on your effectiveness in motivating other people, it is good to know that this aspect of the job will bring you dividends of satisfaction.

On balance, then, the potential rewards of and outlets for increased responsibility are certainly a match for the inherent pressures. These rewards are among the satisfactions that make it desirable to stretch for the next higher rung.

Any exploration of the step up would be incomplete without mention of some of the most dangerous missteps that newly promoted executives, managers, and supervisors often make.

Two of the more common are acquiring an unwarranted sense of importance, and being indecisive.

Sense of importance

It is not easy for even the most experienced to escape the surge of self-importance that comes with a new promotion. And the newness of authority poses an even greater danger for the younger and less experienced executive or supervisor.

If there is any quality that harms relations with subordinates, it is pompousness or arrogance on the



The zest of leadership

part of the man in charge. Increased authority calls not for arrogance but for humility. Not for big-headedness, but for level-headedness.

These caution signals will prove helpful during the early days in a new position:

Don't let yourself get carried away by a misguided sense of importance. You are the same fellow you were the day before. Only the title has been changed.

Unless you have been asked to head a newly created department or division, there is a past history of that unit which you should review thoroughly. This is true even though you participated in the making of that history. Don't turn your back on everything that has happened before.

No matter what your flair for creativity, remember that some of your new ideas may have been tried before.

It is neither necessary nor desirable that you in-



Provide stimulus

introduce all of your bold new plans during your first eight hours on the job.

If you bear in mind that the business world has been spinning on its axis for a long time and that tens of thousands of men have tried their hands at leading, you will preserve a better sense of proportion. Modesty doesn't diminish self-confidence; it complements it.

In every business organization, there are a number of men ready, even eager, to say yes to the supervisor. To the new supervisor's undiscerning eye, their unquestioning attitude can conjure up the illusion of leadership.

No conclusion could be more misleading. For a leader's ideas are genuinely tested only when they are honestly appraised by the people who are supposed to carry them out.

If none of your subordinates appears to have any objection to or criticism of your directions, it is entirely possible that something about your conduct or attitude has bred submission. Try to break the lockstep by encouraging suggestions.

Accept suggestions and criticism in good grace. Commend those who challenge constructively. Expose some of your problems to group discussion. Urge the quiet ones to participate.

Loyalty is essential, but it can be just as effectively expressed when it occasionally takes the form of loyal opposition.

Sitting on the fence

The step up in business may not bring any dramatic increase in the number of decisions that an individual makes each day. However, the higher up you go, the more far-reaching and difficult your decisions will be.

But a manager must not fall into the habit of prolonged sitting on the fence. As Gen. Lucius D.



Don't explode at once

Clay, chairman of Continental Can Company, observes, "Nine times out of 10, the inefficient manager becomes so not because of lack of training or lack of information but because of evading hard decisions."

A fence-sitting manager is a damper on morale. Subordinates gradually lose respect for him. Moreover, before long, the entire unit is permeated with the same vacillation and procrastination.

These guidelines may prove useful:

Facts usually point their own way to a decision. So concentrate on getting all the facts or as many as you possibly can. Chances are the decision will help to make itself.

Don't feel that you have to make every decision all by yourself. Invite others into the process. Tough decisions are often best resolved by a consensus of reasonable people thinking and talking together.

If circumstances compel you to delay making a decision for a protracted period, let your subordinates know that you are conscious of the delay and—if you can—give them the reasons. They will respect your candor.

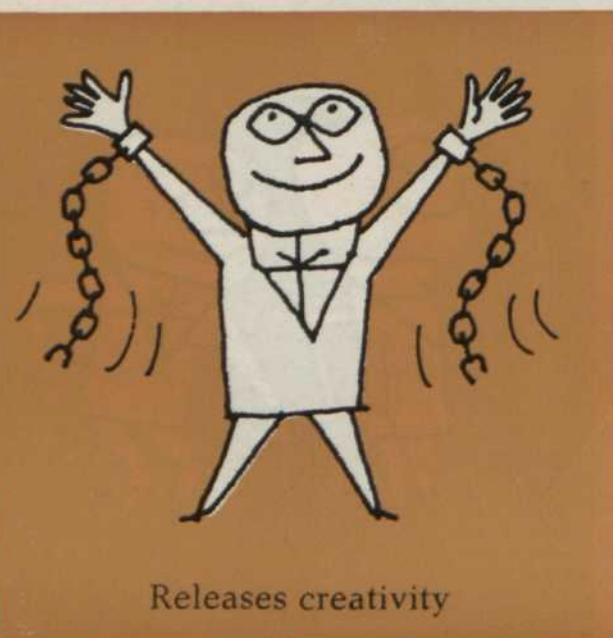
If you are looking forward to increased authority, don't get into the habit of letting matters for decision pile up. If you have that habit, break it. Making decisions with reasonable speed and certainty at your present level is an important prerequisite for the next upward move.

Avoiding the pitfalls is one thing. Making the most of the new position is another. A promotion provides not only an opportunity to use the skills you have but more significantly to develop new ones.

Here are several positive steps that will enable you to give more dynamic leadership when you assume greater responsibility.

Turn the tables

It is easy to understand a subordinate's sensitivity when you are the subordinate. But when you assume the role of manager or supervisor, there is a natural tendency to forget. A strong leader does not forget;



Releases creativity

he remains aware of those who look to him for direction.

In giving instructions to others, he consciously asks himself:

- Is this job necessary?
- Can it be accomplished?
- Can I provide the background or reason for the assignment?
- If the assignment is tough do I have any suggestions on ways of carrying it out?

And after giving an assignment, he asks:

- Did I present it clearly?
- Did I present it in a way that I would have liked it presented to me?
- Did I give the other fellow a chance to ask questions?
- Did I give a deadline?

In describing the qualities of a good manager, Howard S. Bunn, chairman of the executive committee of Union Carbide Corporation, stresses, "He conceives a vital part of his job to be that of assistant and coach to his subordinates, and he takes pride in their improvement."

Once your subordinates are convinced that you have consideration for their feelings, they will want to listen to you.

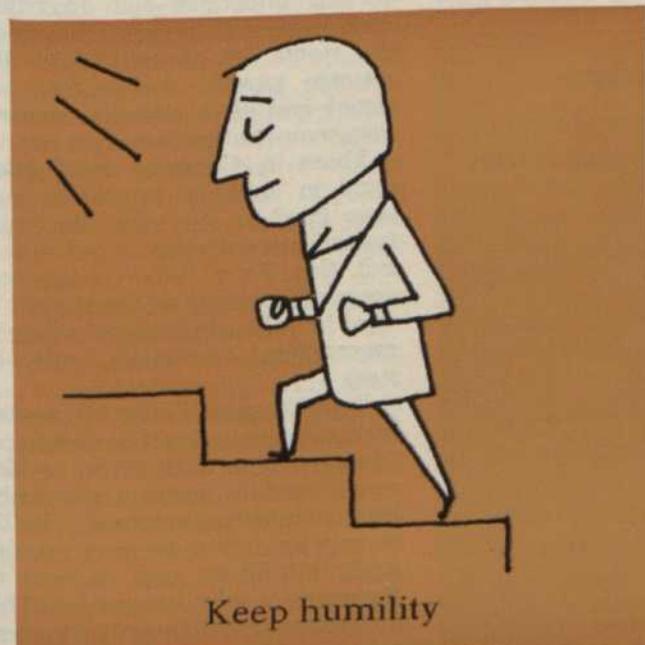
They will follow you willingly, not because you occupy a higher niche on the organization chart but because they respect you.

Grant recognition

The larger the unit you manage, the greater the loss of identity of the individual in it.

An effective leader doesn't forget how much identity means to the individual. To be known, to be well thought of, to be commended, to be approved—these are powerful incentives.

The principal communication paths may all be used to cash in on the individual's quest for recognition. Obviously the spoken word in direct conversation.



tion can be used effectively. A telephone call to a subordinate may accomplish the objective.

Many executives use short notes to advantage.

David S. Gibson, vice president of the Worthington Corporation, stresses this point:

"... To make people feel important, you must communicate with them. Good communicating builds esprit de corps."

There is hardly a moment that some form of recognition cannot be given. This realization is vivid in the mind of a manager who thinks of his department or division as a group of separate individuals working together.

Take a look around at nearly any business unit of 10 individuals or more. You are almost sure to find one or two who have been with that particular unit for a number of years.

Ways should be found to recognize their experience and know-how.

At the other end of the spectrum is the spirited newcomer who should not be crushed in the process of showing him how he fits into the unit.

Remember that recognition is now your precious gift to distribute.

Use it thoughtfully.

Provide stimuli

An imaginative manager has many opportunities to add dimensions to the jobs of his subordinates. Here are some suggestions:

Give an occasional background briefing: "These are the steps that led to our present situation, and this is why we have adopted the program."

Redefine the goals or aims of the department or division.

From time to time, give a special project to a subordinate whose day-to-day tasks are relatively monotonous.

Take public notice of a subordinate's good idea or performance.

Take time out now and then to talk with a particular individual about his growth possibilities—in private, of course.

As Ralph Cordiner, chairman of the board of General Electric Company, puts it, "Just as important as these employee benefit programs are the efforts to help employees realize their full potential and independence in their working career."

Performance vs. aspirations

It is natural to look ahead to the next higher post. Filling it is another story.

That story begins the day you step into the new responsibility.

Will you give the job more than it requires?

Will your performance match your aspirations?

You can help to insure a successful result by consciously molding the right attitudes and approaches now.—HOWARD R. DRESSNER

REPRINTS of "How to Handle a Bigger Job" may be obtained for 25 cents a copy, \$12 per 100 or \$90 per 1,000 postpaid from Nation's Business, 1615 H St., N. W., Washington 6, D. C. Please enclose remittance with order.

FEDERAL POLICY

continued from page 33

for the FTC, antitrust policy, "once reserved for demonstrable enhancement of market power, has now been extended to those business transactions that corporate executives engage in all the time as ordinary events of industrial and commercial life. It therefore imposes on the decision-making process of business a new and significant constraint."

Viewed statistically, the Justice Department initiated twice as many cases a year during the past four years as in previous years. Federal Trade Commission action has been even more drastic. FTC cases now average about 600 a year as compared to 100 yearly a decade ago.

In 1960 the Commission had 751 employes. By 1963, the number of employes had reached 1,153.

The big target of the federal antitrust people and some lawmakers seems to be corporate mergers and acquisitions which enable companies to perform more functions or serve a bigger market. More than 10 per cent of the top 500 U. S. corporations in recent years have been forced to defend merger decisions before either the Federal Trade Commission or the courts.

Professor Handler says we are "face to face with a fundamental dilemma in our national policy." Namely, can we have open competition, yielding lower prices, better products and more efficiency and growth, or do we want to shelter some business from the consequences of competition? Do we want hard or soft competition?

There are moves afoot in Congress to make competition still softer. Among the more important proposals are these:

One bill would make a seller give a discount to wholesalers. This would mean that a supplier could not give equal price treatment to retailers who buy directly from the supplier and perform their own wholesaling functions unless the supplier could show that there would be no harm to competition by not giving the wholesaler a discount. Few sellers would accept this burden of proof in order to give their retail accounts the same price as their wholesaler accounts.

So mandatory discounts are specifically designed to favor traditional forms of distribution and handicap newer methods of distribution—supermarkets, discount houses and chains.

Dual distribution

Another area of legislative concern is the impact on small business of dual distribution. Rep. James Roosevelt of California has said that apparently thousands of small concerns have been hurt by this method of marketing.

Dual distribution occurs when a manufacturer sells through his own outlets as well as independent outlets. Or, as some members of the House Select Committee on Small Business put it, when an independent businessman's supplier is also his competitor.

Measures now pending would require a manufacturer with a wholesale or retail branch to charge the same price to his own outlet as to independent outlets. Related legislation would compel the dual dis-

tributor to give the public a detailed breakdown of his operating costs. The result of such legislation, of course, would be to discourage dual distribution and probably deprive buyers of cost savings.

One proposal, which may well pass, would let manufacturers set prices on goods sold under brand name. This is intended to block price-cutting and help traditional retailers.

Other legislation would prevent a manufacturer from engaging in other functions, such as keeping auto companies from maintaining financing operations.

Still another legislative proposal has been put forward by Rep. Wright Patman of Texas which he says would give small business more protection against illegal, unfair competitive practices of bigger firms.

This measure would give the Federal Trade Commission temporary cease and desist authority. FTC would issue such an order when it thinks that stopping a questioned act or practice by a business would be in the public interest. So a suspect practice would be stopped until the case is settled.

Opponents note that a defendant could be barred from a particular business operation for years while the case is disposed of by FTC. They also point out that this idea is contrary to the judicial precept that a defendant is innocent until proven guilty because it relieves the Commission of having to prove a violation before taking action.

Efficiency would suffer

Though the intent of legislation curbing integrated and diversified operations is to prevent monopoly, the result also would be to discourage growth, cost-savings, efficiency and often stronger competition, many authorities point out.

Those in Congress most interested in antitrust legislation long have tried to show that the trend toward concentration in industry is evil. Sen. Estes Kefauver has held years of hearings on the subject of what he calls administered prices in concentrated industries such as steel.

Rep. Emanuel Celler has pushed legislation to outlaw the exercise of "dominant economic power" which would tend to create a monopoly. Such dominance supposedly would occur when four or fewer companies controlled 50 per cent or more of the assets or sales in a market. This legislation would prevent the mere existence of power rather than any

CURRENT COMPETITION LAWS

Sherman Act: Prohibits contracts, combinations or conspiracies to restrain trade and outlaws attempts to monopolize trade or commerce.

Clayton Act: Bans price discrimination or exclusive dealing arrangements with customers that tend substantially to lessen competition or monopolize a line of commerce.

Federal Trade Commission Act: Prohibits "unfair methods of competition" and "unfair or deceptive acts or practices" in trade.

Robinson-Patman Act: Bans discrimination in prices and services that give certain customers unfair competitive advantage.

Mergers—Section Seven of the Clayton Act, amended 1950: Prohibits acquisition of stock or assets of another corporation where "the effect may be substantially to lessen competition, or tend to create a monopoly."

misuse of it. The fact that often the interpretation of existing antitrust laws and proposals for new ones are in conflict with our goals of greater economic growth worries many members of Congress. Sen. Jacob Javits, for one, has introduced legislation to set up a commission for revision of the antitrust laws. Senator Humphrey wants to study the effect of antitrust laws on small business.

Concern also has centered on union monopoly power. Labor organizations for many years were subject to antimonopoly and restraint-of-trade laws. But they have been exempt for a generation. Today, there is considerable public fretting over the economic power of unions.

A bill sponsored by Rep. David Martin of Nebraska would restrict industry-wide bargaining and union featherbedding. Senator John McClellan of Arkansas has introduced legislation to apply antitrust coverage to the transportation industry, where James Hoffa's Teamsters are all-powerful.

A lesson in ICC?

Long-standing public concern over monopolistic tendencies in the economy has created a structure of federal regulatory agencies that now affects competition in nearly every industry. The granddaddy of regulatory agencies, the Interstate Commerce Commission—which controls most of the transportation industry—has proven that government regulation doesn't always serve the public interest.

Federal regulation of the railroads supposedly was designed to help both the riding public and the railways. It has succeeded in keeping rates up to the disadvantage of shippers and riders. And ICC has become so inflexible and so ponderous in its workings that a carrier cannot get permission to adjust quickly to competition. Pending legislation may give the rails more power over what they may charge customers.

The Kennedy Administration has sought a watchdog agency to oversee the complex of regulatory bodies, which include such other agencies as the Federal Communications Commission, the Securities and Exchange Commission and the Federal Power Commission. A bill for establishing the watchdog group is now making progress on Capitol Hill.

Whether the legislation would speed up the much-criticized "regulatory lag" that drags out decisions on regulated industries or whether

it would increase governmental direction of industry remains to be seen.

The picture in defense

Growth of government influence over business competition in another area involves the gigantic purchases from defense contractors. Defense spending now exceeds \$52 billion a year, not counting military construction. As Defense Secretary Robert McNamara told Congress recently:

"We are aware that the award of new defense contracts and the establishment of new defense facilities in a particular area can make the difference between prosperity and depression."

Government procurement procedures are intended to meet specific defense requirements. Economic or political considerations are supposed to be secondary. However, Congress has provided "set-asides" for small business to assure these competitors a share of Uncle Sam's defense business.

However, most defense work necessarily goes to big businesses because they have well developed facilities, experience and the technical manpower to expend in the massive research and development required for modern warfare.

In still another related area, efforts are being made to clarify government policy with regard to patents. The patent system, as permitted in our Constitution, provided for a temporary monopoly as an incentive to commercial innovations. Abraham Lincoln said this incentive "added the fuel of interest to the fire of genius."

A change in policy towards patents, however, began in 1946 with enactment of the Atomic Energy Act. This law gives the government title to all patents arising from AEC contracts involving fissionable materials.

Then, in 1958, the National Aeronautics and Space Act required the NASA administrator to take title to inventions conceived by private space contractors.

These acts are in contrast to the license policy adopted before World War II by the military services. Under this policy a defense contractor keeps title to patents and the government has a royalty-free license for government uses.

There are now proposals for a uniform government policy with regard to patents. But unless, under the policy, contractors can keep title to inventions, the nation's scientific and technological progress could be stunted, since this incen-

tive to compete would be killed. The Kennedy Administration has taken partial recognition of the need for private incentives in the area of fiscal policy. Administration tax proposals have been aimed at giving at least some impetus to capital investment through the tax credit and depreciation changes of last year and the proposed rate reductions this year.

These changes put American industry in a better position to compete with foreign producers.

International trade

The historic Trade Expansion Act of 1962 gave the Administration the flexibility to bargain down trade barriers.

But the next session of Congress may be faced with new problems involving world competition that could force a change in thinking and legislation on a wide scale. Members of the General Agreement on Tariffs and Trade are convening this year in Geneva for a new, extensive round of trade negotiations. The expectation is that the competitive strength of Europe is now so great and the market so lush that many U. S. policies and laws may have to be changed to allow the freest flow of trade.

U. S. negotiators already have agreed to discuss nontariff barriers with the other trading nations. These provisions include the Buy American Act, which gives domestic producers an advantage over foreign producers in selling to the government.

The immense farm surplus problem probably will be thrust to the fore as trade negotiations get under way. The U. S. has urged the Common Market to set farm prices which will assure the American farmer continued outlets abroad.

Some Europeans are plugging for world commodity agreements that would affect farm prices not only for the Common Market but for the U. S. So trade concessions could involve the whole farm subsidy program.

Long-time government underwriting of inefficiency, controls over production and other interferences with free market competition may have to be altered.

Though political realities dictate governmental concern with the problems of small merchants, unions and the family farm, they cannot be sheltered at the expense of strong, efficient competition. For this will eventually endanger our whole competitive trade and defense posture in a changing world. **END**

Economic forecast: **SOUNDER GROWTH**

Trends preview brighter business opportunities

Long-term average growth of three to 3.5 per cent reflects the operation of persistent economic forces

Tax cuts will be required

Savings and investment will continue to be the key to future business expansion

AS THE PACE of our economic progress has picked up there has been growing interest in these questions:

- Is the slower growth rate of recent years giving way to a faster pace for the next several years?
- Can a faster growth be sustained through the years ahead or will it prove to be a temporary speed-up?
- Where do current and expected trends fit into the long-range business picture?
- What range of economic expansion would yield the best national progress?
- What new policies are needed to promote and sustain the best kind of economic progress in the years to come?

Future in perspective

Inflationary pressures, the need to catch up on wartime shortages, and the reconstruction of Europe and other war-affected areas caused an overstimulation of our economy during the early years after World War II. Before these needs were fully met, the Korean war provided further stimulus.

Then, between the end of Korea and about 1957, the annual growth rate dipped to no more than 2.6 per cent. Since that time it has recovered, but averages only about three per cent a year.

It's in this setting that great national concern has developed. President Kennedy has as one of his goals a growth rate of four per cent or better.

The drive for lower tax rates reflects the broad-based concern—alarm in the view of many business leaders—that the cost of government is too high and has adversely affected incentives.

To put economic growth rates in perspective, it's reasonable to ask: Is four per cent growth realistic? Would five per cent be attainable?

Too often it is assumed that an increase of one or two percentage points would be easy to achieve. The numbers appear small. But the change they represent is tremendous.

To illustrate: In terms of real income per family, today's average of about \$7,000 a year would become \$14,000 in two dozen years of three

per cent growth. In the same period, at five per cent, the average family income would soar to \$24,000.

Clearly the number two—as a percentage compounded annually—would make a tremendous difference.

The same trends would show up in the nation's total output of goods and services. Without inflation, our total output, on a three per cent basis, would double in 24 years. At five per cent, output would double in 14 years.

The growth rate average for the past years actually has been only moderately lower than the long-term average for our economy. The three per cent figure shows up poorly, therefore, primarily as compared with the postwar catch-up period.

Hope for faster growth

The special factors of those fast-growing postwar years are gone.

This kind of expansion is described by Martin R. Gainsbrugh, vice president and chief economist of the National Industrial Conference Board, as an economic explosion. "It was the explosive combination of inadequate capacity to supply goods and services and pent-up demand which produced the hyperstimulated, lush, hothouse atmosphere of the late 1940's and early 1950's."

These forces are unlikely to develop again in the absence of a new world conflict.

The hope for a five per cent growth rate appears unrealistic. It would require, among other things, a faster rate of productivity increase. Output per man-hour would have to be stepped up substantially. Higher rates can be reached in some years, but it is unlikely that they could be attained on a continuing basis.

As our economy becomes more service-oriented—which means that people spend proportionately more for services, as opposed to goods—the problem well could become how to equal past rates of gain in output per man-hour. The shift toward service industries, plus government—which yield lower increases in output per man-hour—may provide a partial explanation for the failure of productivity to rise markedly during the past decade despite the significant increase in research expenditures.

The long-term average growth rate of three to 3.5 per cent reflects the operation of persistent economic forces in our economy. There is no evidence that these forces will change sufficiently to permit a rise in the rate of growth. In this connection, it must also be kept in mind that the average is a combination of above-average and below-average years. Long-term trends cannot be projected on the basis of short-term experience.

Periods of overstimulation tend to be followed by periods of lag. Neither the overstimulation nor the lag is representative. But together they do tend to reflect the longer run forces at work in our economy.

Savings and investment will continue to be the key to future growth rates.

The basic ingredient for additional jobs is an average investment of about \$20,000 per job induced by the hope of profits. New investment creates jobs to produce new products and to improve existing ones and at the same time creates the income required to buy these and other products.

The increase in unemployment in recent years has not resulted from

The prospect for profits appears to be improving

Modification of wage inflation is an important factor for the future

Basic ingredient for more jobs is investment induced by hope of future profits

Higher rate of growth can be expected in the years ahead

Sounder Growth

continued

a decline in the available number of jobs. Rather, unemployment has increased because not enough new jobs have been created to accommodate all of the new members of the work force.

The profit squeeze

Profit margins have been narrowing and hence have not been conducive to risk-taking on the scale required to maintain the long-term average growth rate. A dozen years ago profits before taxes averaged a far higher percentage of sales than is the case today.

The outlook for profits appears to be improving. The modification and, in many industries, the elimination of wage inflation is an important factor. Moreover, industry continues to be cost conscious.

Higher volume under these conditions will show up in increasing profits.

Lower taxes also would contribute to this result.

Business investment lags

The profit squeeze has resulted in a lower rate of business investment. Arthur F. Burns, the noted economist of the National Bureau of Economic Research and former chairman of the President's Council of Economic Advisers, observes: "Business capital investment has recently been a weak link in the chain of economic recovery. This—more than anything else—explains what has gone wrong in our economy."

Substantial increases in new investment will be necessary to meet the needs of an expanding population and to provide for the production of the many products and processes that will flow from our research laboratories. Some of this investment will be for additional capacity, some to improve quality, and some for the production of new goods and services.

A significant amount of investment will be required to modernize existing plant and equipment.

Does excess capacity provide a barrier to an expansion of new investment? Any assumption that it does ignores the dynamic nature of our economy.

New industries require new capital investment even when older industries are overbuilt. New products and processes require new investment even when an industry has excess capacity. The development

of the oxygen process in steel is a pertinent illustration. Investment opportunities continue to be available on a large scale.

The annual investment in plant and equipment will need to exceed \$50 billion in the decade ahead, compared with an average of less than half that total in the past decade. The rate this year is about \$40 billion.

These are large sums, which reflect the basic capital requirements for a dynamic, expanding economy in the years ahead. These capital

You can plan more easily and efficiently with latest economic intelligence available now from private and government sources. Guide is on page 64

requirements can be induced only if incentives are adequate.

Such investments will contribute to a somewhat higher growth rate than in the past decade.

Tax stimulants

Two important tax actions were taken last year to increase incentives:

1. The U. S. Treasury issued new depreciation guidelines designed to increase tax-deductible depreciation. The Council of Economic Advisers estimates that the new guidelines will increase permissible depreciation charges by about 17 per cent.

2. A seven per cent tax credit (three per cent for public utilities) was granted for investment in depreciable machinery and equipment used in this country. This amounts to a reduction in the price of the equipment bought.

Reduction in tax rates also will be required.

The present tax structure was designed to restrict civilian economic activity in wartime. We are still burdened with the high corporate rates adopted during the Korean war and the high individual income tax rates adopted in 1944 and modified only slightly since then.

We need the type of tax system which will stimulate growth and not penalize incentives. The present

tax laws provide little incentive to invest in productive enterprise. As one by-product, many persons devote their talents to minimizing taxes instead of to creating productive enterprises.

The Administration's statements concerning proposed tax reductions recognize the factors noted but the changes proposed do not meet the needs of our economy. They over-emphasize the creation of purchasing power and propose reforms which would penalize those for whom incentives must be stimulated.

How to get growth

As is true in connection with all economic problems, we must select among alternative uses of resources.

There is no simple formula for stimulating economic growth. And every stimulus involves a cost. Are we willing to forgo the full rise in levels of living possible today in order to produce more tomorrow? Are we willing to forgo greater leisure as output expands? Are we prepared to give up a vested interest in the status quo and permit the adoption of new methods? The rate of growth will depend on the answers to such questions.

Moreover, the federal government cannot order growth rates to rise. It can, however, tailor its policies so that the forces conducive to growth are released. Fiscal and monetary policies have been geared to minimizing business fluctuations. They also can be used to encourage private expansionary actions, particularly by reducing taxes.

What government can do

The government's main role should be to create the climate which induces the exercise of initiative and risk-taking. Such a climate is indispensable because the rate of economic growth reflects myriad private decisions.

What are the ingredients for such a climate? We must have confidence that the government will not interfere excessively and arbitrarily with the economic process and that the rules of the game will not be changed. We must be rewarded for success and thus induced to take the risks which are so widespread in our profit-and-loss economy.

We must be convinced that the cult of the budget deficit does not become our national way of life, and thus be assured that our currency will not be devalued and that we will not suffer large reductions in purchasing power as a result of inflation. We must be able to plan ahead with confidence. If we can

not do so, the result would be to reduce the rate of growth.

Economic realities have overcome the barriers to growth created by ill-advised policies. We have exhibited great talent and ingenuity to overcome such barriers—but they can slow up the speed with which the desired results can be attained.

There appears to be no evidence that any factor is emerging which can or will move us up to a much higher plateau of growth. You can expect progress in the range of three to 3.5 per cent for the long-term yearly average. That will be improvement over the recent past.

There will be some dissatisfaction with this growth rate. Yet it is one which can yield substantial increase in economic well being, particularly in an economy with a base as large as our own.

For the average American businessman this means there's brighter hope for economic opportunity in the years just ahead.

—JULES BACKMAN

Research Professor of Economics
New York University

IMPORTS AND SKILLS

continued from page 55

about 50 per cent labor and we're very vulnerable. European firms can deliver tools in this country at 40 per cent below our prices."

Stimulated by rapid industrial growth, the Common Market's machinery industry is about equal in size to that of the United States. The Common Market's total economic output is only one third of ours, however, and as overcapacity develops in its machinery industry this country will become increasingly attractive as a market.

"In addition to innovating in machine design, the metal-working industry must innovate to reduce the cost of its products," Mr. Trecker says. "We've got to do it by increasing productivity. The cost of labor and materials continues to go up, and we can't raise our prices proportionately. We're trying to boost efficiency by computerizing our production facilities, better materials handling, closer inventory control, and better methods of selling."

Steady increases in its budget for research and development over the past 10 years have paid off for Kearney & Trecker. It has manufactured and sold 170 numerically controlled machines—complex \$200,000 tools which are programmed elec-



"... more gates than fence . . ."

says C. R. Birkemeier, Plant Superintendent, The Emulso Corp., Buffalo, N.Y.

"Our plant is within two blocks of Buffalo's business hub, so we have to use every foot of our loading and parking space. We wanted to protect this valuable area attractively across sixty feet of frontage. Anchor Fence did it with more gates than fence—forty-four feet of them. Tractor-trailers move in and out easily. Parking room is the same. We have easy access to garage area—plus protection and improvement in overall appearance."

For more information on how Anchor Fence can meet your needs, call your local Anchor Man. For a free copy of Anchor's new Protective Fence Catalog, mail coupon.

Plants in Baltimore, Houston, Los Angeles. Sold direct from factory branches in principal cities.

ANCHOR FENCE
Division of ANCHOR POST PRODUCTS, INC.

... in all-aluminum or
steel (zinc-clad after weaving)

ANCHOR FENCE
6533 Eastern Ave., Baltimore 24, Maryland
Name.....
Company.....
Street.....
City.....
Zone...State.....

FREE VENTILATING GUIDEBOOK

how to increase
PERSONAL COMFORT,
PRODUCTION,
AND PROFIT



Here's a handy 12-page guidebook to help you plan the best possible use of ventilation—regardless of your particular business or type of building. Non-technical, plain-talking "Fresh Air Is Free" covers the ventilating problem from your point of view . . . show how Ilg fans (and there's a type for every situation) promote personal comfort, lead to increased production and profit. Clip the coupon for your free copy.

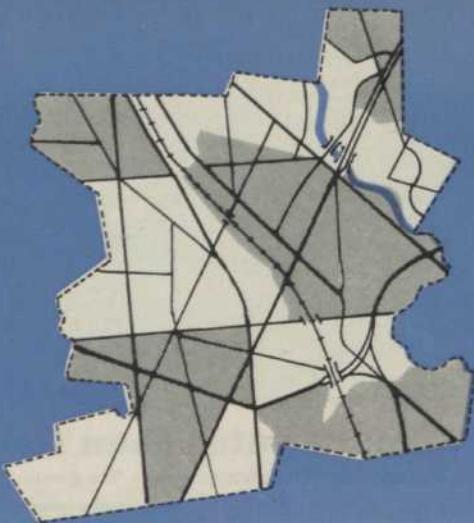


ILG ELECTRIC VENTILATING CO.

2887 N. Pulaski Road, Chicago 41, Ill.

Please rush your new color brochure "Fresh Air Is Free . . . Enjoy It."

Name.....
Title.....
Company.....
Address.....
City.....
Zone..... State.....

continued

What never moves . . . yet constantly changes?

Answer: Your city.

It still sits on the map in the same place it did when you were a boy. Yet you know it has changed considerably since then. And it will go on changing.

Perhaps you've had a hand in some of these changes. Hopefully, you'll have more of a hand in the future. If you are active in your local chamber, you're bound to.

Planning your city's future is a task for everyone. It calls for coordination and know-how. It calls for citizen concern and citizen pride in your city's growth.

No organization blends these ingredients better than your local chamber. With your help and your ideas, it can steer a course that will continue to make your community a better place in which to live and work.



Pete Progress

Speaking for the local Chamber of Commerce in your community

tronically by punch tape to perform all operations automatically. So far there is little threat from abroad in such sophisticated equipment.

The company has cut its cycle time—the period which elapses between the decision to put a new machine into production and the manufacture of the first machine—from nine months to five. This has made possible a 30 per cent reduction in inventory.

A marketing innovation is credited with boosting sales 20 per cent since its introduction last December. The customer makes a down payment equal to his seven per cent tax credit and then pays yearly the amount of his depreciation allowance plus some of his profits from using a more efficient machine.

Reducing down time

Innovation also is working for Scully-Jones & Company, a Chicago firm which manufactures precision holding equipment for the machine tool industry. Its president, H. Dale Long, explains:

"One of the biggest obstacles to raising productivity is the shortness of production runs in this business. We're trying now to minimize down time between runs.

"For example, our research division has developed a hydraulic tool holder which, on a particular machine we use, has cut the down time-production changeovers from eight hours to less than one hour. This has boosted the daily productivity of this machine between 25 and 50 per cent."

As a result of such imaginative changes in its product, which Mr. Long describes as the "hands and arms of a machine tool," Scully-Jones has seen its own manufacturing unit cost move downward in recent years, despite the rising cost of labor and materials.

"We're running into serious competition from European and Japanese companies, which are able to make a quality product at a lower labor cost. We've been hurt by them, even though our sales are climbing. We're trying to keep ahead through research, by developing new features they don't have."

For these companies and others constant innovation is paying off—not only in expanding their ability to compete with imports but also, which may be even more important, their ability to meet the competition of other American firms.

END

SPECIAL LETTER

NATION'S BUSINESS EDITORS REPORT ON: Inflationary pay

Inflationary boost in your wage costs may be legislated by Congress.

Groundwork will be laid this month for possible action early next year.

At issue is this question:

Should federal law require business and industry to shorten the workweek and pay double wages for overtime work?

* * *

Action this month will come in form of new public hearings planned by House subcommittee looking into hours of work and impact on unemployment.

Opinions of businessmen and labor leaders will be heard.

Committee will question witnesses on variety of recommendations regarding shorter hours and pay. One idea, pushed by AFL-CIO, would cut workweek to 35 hours with double pay for overtime hours instead of time and a half.

Another, backed by Walter Reuther of United Auto Workers, would provide for flexible workweek, with week reduced below 40 hours when unemployment was high but with workers continuing to be paid for 40 hours. Extra pay would come from a National Workweek Adjustment Fund into which employers would contribute through payroll tax. Employers who did not reduce hours to lower standard week would pay premium overtime wages for hours worked in excess of the standard.

Another proposal would simply require double-time pay where time and a half is now legally required for overtime. Where there is no overtime work, this would result in no extra labor cost. This provision, however, is regarded as only a first step toward double-time pay after 35 hours.

* * *

Union men justify their stand on ground that it would spread work, put more people on payrolls, reduce unemployment. They theorize that managers would

add to staff to avoid double-time production costs. Management view is that statutory reduction of workweek and government wage-fixing are unacceptable extensions of federal regulation and interference in affairs of private enterprise.

Executives expect hours of work to become shorter in years ahead, decline to parallel productivity rise.

Economists say adverse economic effects of drop from 40-hour week to 35 or even 37 hours would be far greater than reduction from 48 to 40 hours which took place in 1930's. Productivity increase of three per cent might enable workweek to be shortened by one hour without inflationary result but same could not be said of work reduction that exceeds productivity rise by five to eight times.

Here's view of Frank C. Pierson, professor of economics at Swarthmore College: "In my judgment the considerations advanced in support of any broad action by federal government in this area would not justify this degree of government intervention in our industrial life."

He adds: ". . . In my professional capacity I feel I can say with considerable confidence that the economic cost of any federal move to shorten working hours materially in private employment would be extremely high."

* * *

Sudden increase in wage costs—whether legislated by Congress or negotiated with management—could cause severe economic repercussions.

It would be a company-killing cost increase for some.

One reason employers may prefer to schedule overtime rather than take on new employes is that growing fringe benefits forced by unions make it more costly to increase labor force to fill what might be a temporary need.

* * *

Shorter week proposal is notably short on backing. President Kennedy lends his full nonsupport.

Growing number of lawmakers boldly resist it as unacceptable way to deal head-on with main problems of unemployment. Management view that shorter week would increase unemployment—not reduce it—is widely accepted.

Shorter week thus appears deep in legislative freezer—for now at least.

Result: Backers shift support to double time for overtime where time-and-a-half pay is now required. This is seen as middleground legislative idea that might go through. National labor federation will try hard to win.

SELL MORE NOW

continued from page 39

that standpoint we are a little behind Western Europe.

Are we too security-conscious?

Yes, I think security-consciousness is certainly a part of it. Young men seem to be much concerned, even when they're starting on jobs, as to what the pension plan of the company they are working for is going to be. This seems to be a general social phenomenon. I don't think we have the competitive drive and urge and pressure that once characterized our nation.

Has the status of selling been lowered in recent years?

Certainly it stands low today in the minds of many people. I think quite possibly more people finish high school and go to college and get interested in all kinds of other things, so that the relative prestige of a selling career tends to decline.

Does the marketing executive enjoy as high prestige as executives in other functions?

Yes. As a matter of fact, increasingly the marketing avenue is one that leads to the top in business. But we find a good many young men today who would like to jump over the selling part of that job. They would like to slip into the chair of the vice president in charge of marketing without having been out on the road calling on retailers and ringing doorbells.

There is a desire to bypass the grubby work of everyday selling. Even though marketing, in the eyes of top business executives probably stands higher than at any other time, there are fewer young men today interested in marketing than there are in finance or production.

Why is this?

I think it's in part due to the preliminary work necessary. It is also a reflection of the kind of economic teaching that takes place at a good many colleges. This teaching tends, on the whole, to raise doubts in the minds of students with respect to the worth of marketing activities. Many economists cast a somewhat dubious eye at advertising and marketing.

Then, too, young men probably think of marketing in terms of what they see in retail stores and in terms of the typical drummer, who is out pounding the sidewalks calling on customers. They recoil somewhat

from that and feel it is not socially worthwhile, that it doesn't have the same prestige as working, say, for a bank.

What is being done, either on the university level or within business itself, to meet this problem?

There is a good deal of talk and discussion. Marketing people in business schools are concerned about it and are endeavoring to teach marketing in a way that will make it more attractive. Also in the business community efforts are being made to develop greater interest in selling on the part of college people.

What can businessmen do to continue to make people all the way down the line aware of the need for this continued pressure on selling and marketing?

We could improve the marketing job in a number of ways. We can get more effective marketing organizations in some companies. We can get the marketing function more clearly interwoven with the entire business structure.

Marketing is seen by different businessmen as two different kinds of things. There is the older point of view on marketing, which is that it is essentially a job of selling, the job of the sales manager and all the activities that relate to it. That is a somewhat limited point of view. Today most of us in marketing think of it as a concept that envelops all of management. All business has to be market-oriented. Essentially, marketing comes before production. That might sound paradoxical but unless you can sell merchandise there is no point in producing it. And the entire organization has to be oriented to the job of developing the goods that your customer is going to want at some future time. From that standpoint, a marketing point of view has to permeate the entire operation.

Now I don't think we have as yet made enough progress in getting business organizations oriented to the over-all marketing concept. The acceptance all the way down the line of marketing as the prime function of business rather than as a secondary function still leaves a good deal to be desired.

What are some of the most exciting innovations now that look promising?

Well, there is the important area of the actual movement of merchandise. Rapid strides have been made in this area by means of automation and electronic data

processing. We are beginning to see where we can get some real reductions in the cost of marketing by increasing the productivity of the people engaged.

Now, of course, the whole experience of industry has been that of productivity increases as workers are supplemented by machinery and systems. But until quite recently the general field of marketing was not much affected by that kind of increased productivity. It was still largely a manpower job. If you wanted to sell more merchandise, you had to have more people to do the job. It has been true in retail stores and it has been true fairly generally throughout the marketing field.

But now we see a very promising beginning in development of systems and development of machinery and equipment that is replacing the worker in many situations and making it possible to heighten the productivity of those who continue to be employed in marketing. We will see continued advance in that direction. In fact, it seems to me that the dawn of technology in marketing is just beginning to break.

We clearly have to do something about the retail end of marketing in that respect. With present wage levels it is highly uneconomical to have the kind of people we find selling in many types of retail operations. It would be much better to go in the direction of more unattended selling, self-service selling, actual selection by the customer, without the intervention of the so-called salesperson. Of course, we have made much progress in that, thanks to the food supermarkets, over the past 30 years. But unattended selling is just now beginning to permeate other areas of retailing.

I think we will see a continued push in technological development that will make it possible for goods to be moved into the hands of the consumer with considerably less human effort than now takes place. The next big revolution in retailing is likely to be primarily technological. We have had a couple of quite sizable revolutions since the end of the war. The suburban development was a big revolution, and we have had the entire discount type of development, which is another big revolution. We are always changing, and my hunch is that in another dozen years we will be talking about the great technological revolution in the field of retailing.

Is there any danger of confusing the

SELL MORE NOW

continued

consumer, with too many choices in names and sizes and shapes and kinds?

You have to weigh that danger against the danger of consumers having insufficient choice. Back a few years ago, with respect to automobiles, consumers didn't have enough choice, and they manifested that by slacking off in their purchases.

And then the manufacturers perceived that the automobile market was highly complex and that there was a demand for all sorts of automotive transportation. They began differentiating their product and developed a wide area of choice for the consumer. I think that's one of the reasons why this is a good automobile year.

The techniques of selling and merchandising and marketing can avoid any serious confusion for consumers. The people who do a poor job of clearly differentiating their products and helping consumers to make choices are the ones who tend to lose out in the market. This is the essence of merchandising.

How important is convenience appeal?

There is no question but that convenience appeal is tremendously important. It's a concept that is a good deal broader than we used to consider it. We used to think of it purely in terms of a store around the corner, convenient to where you lived. Well, convenience today embraces a great deal more than that. It involves particularly the speed of the transaction, the time in which you can consummate the purchase. There are so many things that people can do with their time these days that it becomes highly important in marketing to cater to this time-convenience factor.

Most of the great marketing successes in the postwar period have essentially been promotion of greater convenience to the consumer, convenience of the product itself, convenience in the purchasing of it, conveniences related to the time factor, convenience in push-button or automatic operation, making it easier for the consumer. I think this is going to continue. And the marketing successes of the future will continue to be geared to this concept of creating greater convenience for the consumer in every respect, in the product itself and in its

purchase. For instance, consumer credit is one of the great elements of convenience that has been developed. I expect to see more of that in the future.

Today almost all retailing features the factor of convenience under one roof. This is true of supermarkets, department stores, discount houses. It's essentially true all the way along the line in retailing. This is a trend which is likely to continue; although at the same time any strong trend of that kind tends to set up a reaction. In other words, here and there you might see the specialty retailer reasserting himself as a sort of counterswing of the pendulum. But the main thrust is unquestionably toward convenience of one-stop shopping.

Is any significant change in the consumer's aspirations and attitudes showing up?

Well, consumers will continue to improve their tastes; certainly as education is more widespread, con-

What's the effect on your business when a new plant is built in India? Or Japan, for example? A special report by Economist Intelligence Unit of London assesses the problem of excess capacity. Page 56

sumer taste improves. In fact, sometimes the consumers run ahead of the manufacturers and retailers in the factors of taste. The consumers become more discriminating. They are better informed; they tend to buy, on the whole, better qualities of merchandise as their purchasing power increases. And I think it's certainly incumbent upon manu-

facturers and retailers to try to keep up with or if possible keep ahead of the consumer's desires in this.

Are there any particular mistakes that are being made now that should be avoided in distribution and marketing?

We recently saw a great rush of people into discount retailing. Many people who went into it were ill-equipped from the standpoint of experience. And sometimes they were operating on a shoestring financially. In particular, I think many of them were not sufficiently careful about the selection of their sites. We've seen a scramble to build new stores, and apparently some of them have been built in the wrong places, and in the wrong size. The job of store-location has become much more of a science than it was ever thought to be in the past.

We have had a rush of competition in the opening of new stores and new types of stores. We are now in the process of settling down a bit from that. There have been a considerable number of failures among the ranks of the discounters during the past year.

What role does government have in attempting to affect prices and wages in the market place?

This is a big question. On the one hand, I think most people would agree with the general desirability of the market place as the regulator of our market activities. Clearly you have in the Soviet Union and other communist-dominated countries examples of the kind of chaos that results in the long run when you try to centralize all economic decisions of a modern, complex economy. If you have a very simple, backward kind of economy, you can run an economic dictatorship more effectively than you can in a modern, complex economy. And that's what the Russians are finding out today.

None of us would deny that we have in the United States today a mixed economy. It is a market place economy fundamentally, but it does represent a combination of government activities and private activities to a far greater extent than anyone would have expected 30 or 40 years ago.

The actions of government carry much greater weight in the economy than they used to. But it still doesn't mean, in my opinion, that it is desirable for the government to intervene in all kinds of directions in the economy. I think we need to go pretty slowly in the in-

tervention of government in the matter of prices and wages.

It's pretty clear that our economy is so complex and so sensitive that you can't afford the luxury of such happenings as that New York newspaper strike or similar labor stoppages, and my hope would be that with the enlightened point of view of management and of labor, we would in the future avoid those serious stoppages.

I still don't like to see government intervention as open as it was in last year's steel price situation. Government does have some responsibility, but that responsibility should continue to be the stick behind the door, so to speak. I hope the intelligence of management and labor can lead to the settlement of disputes without the overt intervention of government. I'm not enthusiastic about having any government guidelines for prices and wages. Prices and wages are the most sensitive aspect of the market economy. Also, there is a question as to whether the guidelines are going to be one-sided or not. Some of us have felt that the guidelines would be enforced more vigorously by government in the case of prices than in the case of wages.

What about the activities of such regulatory agencies as the Federal Trade Commission and the Justice Department?

Within the Trade Commission and the Department of Justice there seems to be insufficient knowledge of how marketing operates. I think the agencies are too highly concerned about technical price discrimination. Actually, a good deal of price discrimination is an inevitable part, and in fact a healthy part, of competition.

I can give you an example of the disregard of marketing realities by government in the case of a recent decision by the FTC with respect to private brands. They have taken the position that it is a violation of the Robinson-Patman Act to sell private brand merchandise at a different price from the same goods sold under the manufacturer's own brand. In making that decision, I think they focused their attention primarily on the manufacturing rather than the marketing aspects.

In the case of the private brand, the manufacturer who makes these goods for, say, A & P or Sears Roebuck, actually escapes a very large part of the marketing costs. Those costs are assumed by the owner of the brand, in this case the retailer. It is therefore quite possible for the

manufacturer to sell his goods under private brand to a large retailer at a substantially lower cost. When he sells those goods under his own brand, he has to carry the burden of promotion. Well, this is a point of view which I think the Trade Commission doesn't fully appreciate.

There is another kind of situation which bothers me. It's the tendency for the Department of Justice to crack down on all kinds of exclusive dealing arrangements. They have pushed it pretty strongly in the automobile field, and they push it also in the field of petroleum marketing.

And yet I think there are a great many situations where there is a necessary quid pro quo.

If, for example, a dealer in the automobile field is going to make a substantial investment in his inventory of cars and in his service facilities and so on, it is incumbent upon the manufacturer to give that dealer certain territorial protection. I don't think that that is in any sense a hindrance to competition. It doesn't seem to me that this is conspiracy or restraint at all. I just think that the marketing realities for certain kinds of goods demand a quid pro quo relationship between the manufacturer and the dealer.

But the position that seemingly is being taken a good deal of the time in both Justice and the Trade Commission, and other regulatory agencies, is that as a manufacturer you should just stand there and sell your goods to all comers. You shouldn't really have any right of choice among your customers. The agencies are continually closing in on this right of choosing with whom you will do business, that after it moves out of your plant, you have no further interest in it, the so-called principle of indifference. To take such a position is virtually to deny the reality of marketing.

It seems to me that the government people have not been sufficiently educated on the realities of marketing and of competition. And consequently the lines that are being pursued today, at least in some of the decisions that have come along, are creating a good deal of trouble for us in the marketing area.

I suppose it's Utopian thinking, but I think we need a pretty thoroughgoing revision to clarify all our antitrust legislation. And we certainly need a great deal more education with respect to the realities of marketing for the people concerned with the enforcement of the laws.

END



WAGNER® SANGAMO TACHOGRAPH PROVIDE FACTS

show exactly how your fleet is handled

Reduce operating costs and increase safety by knowing exactly how your trucks are being handled. Get a complete, accurate, graphic record of every mile traveled to plan better routing, reduce lost time and increase driver efficiency.

Wagner Sangamo Tachographs do all this for only pennies per day, per vehicle... record RPM or MPH... whether for a 12 hour period or up to 31 days. Mail the coupon for details on how to get the facts about your fleet.

- Reduce operating costs
- Save time with better routing
- Cut maintenance with better handling of equipment
- Made in U. S. Parts are readily available



Wagner Electric Corporation
6475 Plymouth Ave., St. Louis 33, Mo., U.S.A.
Manufacturers of LOCKHEED Products

Please send FREE copy of Bulletin SU-200.

Name _____

Company _____

Address _____

City & State _____

WS63-5

We operate _____ vehicles

® TRADEMARKS WAGNER AND LOCKHEED REG. U. S. PAT. OFF. AND MARCA REG.

THESE THREE THINGS



HOW THE NATIONAL CHAMBER
WORKS TO STRENGTHEN THE
ECONOMY AND THE COUNTRY

Today, more than ever before, the work of the National Chamber is needed to do these three things:

1. To let Congress, the Administration and the public know where business stands on important national issues, and why;
2. To keep businessmen accurately informed about what is happening in Washington; and
3. To equip and encourage businessmen to be more responsible and accountable citizens, and more active and influential on the political scene.

For a brief, interesting, factual story of this organization, its place and purpose, and how it operates, send for a copy of our new progress report, "How the National Chamber Works to Strengthen the Economy and the Country."

This booklet is free. You will find it informative—and we believe you will enjoy reading it.

CHAMBER OF COMMERCE OF THE UNITED STATES

WASHINGTON 6, D. C.

THINK THINGS THROUGH

Assure success by charting where your plans could lead

NO SUCCESSFUL businessman expects to be right all the time. Neither does he like to admit that he acts hastily.

Yet every day the failure to think things through costs business money. By bringing out a low-price model that downgraded the image of its established high-price models, an automobile company helped to put itself out of business.

In a year's time a chemical producer lost a major share of its market and millions of dollars while it investigated the cause of a mysterious product failure that might have been predicted in advance and certainly was evident within a week after the product went on sale.

A small electronics firm established a new plant in New Eng-

Brothers. "They are so preoccupied with day-to-day problems and decisions that they frequently fail to do this. And surprisingly perhaps, this failure is aggravated by electronic data processing which makes so much information available so fast that men often let it confuse their thinking."

Where do businessmen usually go wrong in thinking out courses of action? According to Dr. Charles Kepner of the management development and research firm of Kepner-Tregoe and Associates, Princeton, N.J., executives' worst mistakes are these:

1. They don't make systematic use of the information available to them.
2. They don't pin down the problem that points the need for a program of action. (Kepner-Tregoe says all business actions are aimed at correcting or improving something, therefore start from problems.)
3. They make incomplete tests of the possible causes of problems, and accept explanations uncritically and without demanding proof.
4. They take action without clearly setting out what is to be accomplished.
5. They don't assess the consequences of their actions.

How can you avoid these mistakes and improve your ability to think things through to the right conclusion? The answer from Dr. Kepner, a psychologist, and Dr. Benjamin B. Tregoe, a sociologist, is: Recognize the logical series of steps that must be taken in solving any problem or making any decision, and work with available information in a disciplined way.

"Thinking through is a matter of setting standards against which you compare information," Dr. Tregoe says. "How can you tell what's wrong if you don't know ahead of time what ought to be going on?"

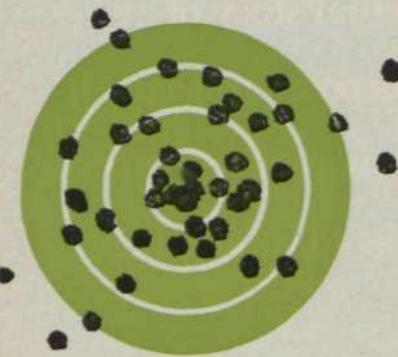
How can you tell what caused something to go wrong if you don't know exactly what's wrong? And how can you know what action will best correct a problem if you don't know what needs to be corrected?"

Over the past three and a half years, Drs. Kepner and Tregoe have put several thousand top management men in such organizations as General Motors, IBM, du Pont, General Electric and the Navy Bureau of Weapons through intensive five-day decision-making programs. The process they teach goes like this:

Recognize problem areas

Problems—deviations from what should be—are not always easy to spot; and even when they are identified, you may not always set them in the right order.

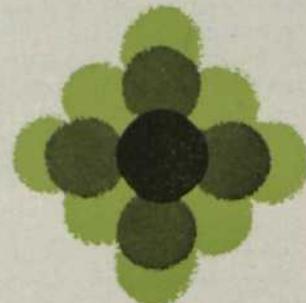
For instance, suppose you bring out a new product which proves to have a serious defect. Soon sales



Make systematic—not haphazard—use of information

land to take advantage of a large female labor market; then discovered that it had to shut down in summer because the women quit to work in resorts where they had always been employed.

"The biggest job we have is to convince management at all levels of the need to apply better methods for thinking things through," says Dr. William F. Holmes, executive development director of Lever



Find basic problem. Correct it, not its fringe symptoms

begin to plummet while dealer complaints mount.

Clearly you have several problems, and each calls for separate action, such as replacing bad products to keep customers happy, launching a dealer-relations campaign and bolstering your sales effort to prevent collapse of your

business. You may even have to do something about such peripheral problems as vacation-scheduling or employee morale.

But all these problems stem from the product defect, and unless you give top priority to finding the cause of this, the other actions will do little good.

You must not only spell out what is wrong but, of equal importance, what is not wrong; otherwise, you might see your problem only in fuzzy outline.

All problems result from changes. Asking what is different about what a given problem is, compared with what it is not, can help you to isolate a change that you might otherwise overlook. The known change then becomes a possible problem cause that you must test out.

Ask yourself: "If this is the cause of our problem, then what other effects of the change might I expect to see? Does this square with what I know about the situation?"

To show how this problem-analysis phase of the thinking-through process works, Dr. Kepner cites the example of a company that manufactured precision electrical components for military applications. The connector department frequently was called on to fill large rush orders.

Recognizing that product quality could suffer during these peak periods, when extra people had to be put on the connector line, the company also added an extra inspector. His job was to check the connectors after they were polished and before they went into a final, critical gold-plating bath.

But despite this precaution, rejections were about 16 times greater in peak periods than in normal production runs. The pins were coming through with small, scattered blisters in the plating.

Desperate efforts were made to track down the cause of the problem. The plating process was examined. The machines which formed the pins and polished them were worked over. The supplier of the raw material was changed. The work habits of the machine operators were studied and a new training program instituted. Suspecting a morale slump, the company even put in an incentive program for the workers. Still the problem persisted.

Finally one manager decided that systematic analysis should replace frantic action. He began by asking questions:

Where do you find the blisters? On the plated surface of the pins.

Where in the operation does the trouble occur? In the plating bath. After the pins are formed, they are polished and then inspected. But not all the pins coming out of the bath are bad? No, just some of them.

When does the trouble show up? Whenever there's a rush order. Were there any rush periods when we had no trouble? Yes, but only one.

"If I find what was different between the other peak periods and that one," he reasoned, "I'll have the cause of our trouble."

Calling in the production supervisor, the manager asked: What was the difference?

The supervisor pondered, then replied, "Well we didn't put on an extra inspector that time. Didn't need him when we added only three extra workers instead of eight."

Then the extra inspector may be the cause of the problem, the manager decided. Let's talk to him.

The inspector turned out to be a young man with glossy black hair. Just as the manager and supervisor approached, he reached up to smooth his hair.

The problem was solved. The contaminant that prevented an even plating was hair oil that was transferred to the pins when the inspector turned them over for examination.

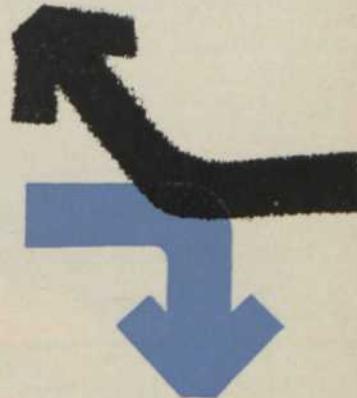
"This discovery sounds like luck," Dr. Kepner says, "but it wasn't. The manager was looking for a specific kind of change that had occurred at a particular time, in a particular place. He had looked for that change because he had analyzed what the problem was and what it was not. He never would have found the cause by luck alone."

Once you have found the cause of a problem, thinking through a course of action proceeds logically. But there are still many places where you can go astray.

There are some things you must accomplish. There are almost certainly things you want to accomplish.

Both are important. If any alternative fails to meet the requirements, you are no longer interested in it as a possibility. The more you can obtain in addition to meeting the requirements the better. But you cannot let the wants so warp your thinking that you accept an alternative that fails to come up to minimum requirements.

If there are various ways of doing a job, some will inevitably prove to be more feasible than others when you analyze your facilities, technology, manpower, time, money. But if you barge ahead on a course of action without making this anal-



Weigh consequences of actions, thus minimizing bad results

ysis, you may be due for a fall.

An insulation company, seeking to improve sales, worked out a marketing program based in part on a change in the color of its product. In the laboratory, where the insulation was dunked in a vat, it could be dyed easily. But on the production line, where the dye was poured through the material, the color washed right down the drain. With it went hours of work and a substantial sum of money.

On the other hand, when International Minerals & Chemical Corp. recently planned to establish a major plant in a small rural community, it carefully weighed every problem that might arise. One of the worst, it realized, would be the effect that the influx of new people would have on the town's schools. True, the schools were the town's concern. But if the company ignored the potential problem of too few classrooms for too many pupils, it



Act with clear goal in sight, eliminating wasted effort

Advertisers in this issue August 1963

	Page
Aluminum Co. of America, Pigments Div.	4th cover
Ketchum, MacLeod & Grove, Inc., Pittsburgh	
American District Telegraph Company	14
Persons Advertising, Inc., New York	
American Telephone & Telegraph Company, Business General	4, 5
N. W. Ayer & Son, Inc., Philadelphia	
Anchor Post Products, Inc., Fence Div.	77
Van Sant, Dugdale and Company, Inc., Baltimore	
Butler Manufacturing Company	51
Aubrey, Finlay, Marley & Hodgson, Inc., Chicago	
Chamber of Commerce of the United States	84, 85
Curta Company	14
Robert L. Eastman, North Hollywood, Calif.	
Detroit Diesel Engine Div. of GMC	28
Kudner Agency, Inc., New York	
A. B. Dick Company	48
Marseller, Inc., Chicago	
F. W. Dodge Corporation	16
G. M. Basford Company, New York	
Dow Jones & Company, Inc.	10
Batten, Barton, Durstine & Osborn, Inc., New York	
DuKane Corporation, Audio Visual Div.	14
Conner-Sager Associates, Inc., Aurora, Ill.	
Ford Motor Company, Ford Authorized Leasing System	20
J. Walter Thompson Company, Detroit	
Friden, Inc.	27
Richard N. Meltzer Advertising, Inc., San Francisco	
Goodyear Tire & Rubber Company	11
Kudner Agency, Inc., New York	
Alexander Hamilton Institute	1
Wunderman, Ricotta & Kline, Inc., New York	
Walter E. Heller & Company, Inc.	18
Gourfain-Loeff, Inc., Chicago	
Ilg Electric Ventilating Company	77
Buchen Advertising, Inc., Chicago	
Insurance Company of North America	17
N. W. Ayer & Son, Inc., Philadelphia	
International Business Machines Corp., Electric Typewriter Division	2nd cover
Benton & Bowles, Inc., New York	
International Harvester Company, Inc., Farm Equipment Division	3rd cover
Aubrey, Finlay, Marley & Hodgson, Inc., Chicago	
International Harvester Company, Inc., Motor Truck Division	46, 47
Young & Rubicam, Inc., Chicago	
Kaiser Jeep Corporation	15
Norman, Craig & Kummel, Inc., New York	
Minnesota Mining & Manufacturing Co., Thermo-Fax Copying Products	23
Erwin Wasey, Ruthrauff & Ryan, Inc., St. Paul, Minn.	
Morton Salt Company	43
Needham, Louis & Brorby, Inc., Chicago	
National Truck Leasing System	10
Stevens & Kirkland, Inc., Chicago	
New York Life Insurance Co.	6
Compton Advertising, Inc., New York	
Occidental Life Insurance Company of California	67
Fuller & Smith & Ross, Inc., Los Angeles	
Pitney-Bowes, Inc.	45
L. E. McGivern & Company, Inc., New York	
Pronto File Corporation	14
Gordon, Weiss & Arbusto, Inc., New York	
REA Express	24
Erwin Wasey, Ruthrauff & Ryan, Inc., N. Y.	
Rock Island Lines	12, 13
Aubrey, Finlay, Marley & Hodgson, Inc., Chicago	
Standard & Poor's Corporation	59
Edwin Bird Wilson, Inc., New York	
Todd Company Division, The, Burroughs Corporation	54
The Rumrill Company, Inc., Rochester, New York	
Vogel-Peterson Company, Inc.	59
Ross Llewellyn, Inc., Chicago	
Wagner Electric Corporation	83
Arthur R. Mogge, Inc., St. Louis, Mo.	
Western Electric Company	89
Cunningham & Walsh, Inc., New York	
Xerox Corporation	19
Hutchins Advertising Co., Inc., Rochester, N. Y.	

THINK

continued

would have only itself to blame for the unpleasantness that might arise. So it prepaid taxes for a period of years to finance the building of the new schools that would be needed. Today, relations between town and company are excellent and the company has actually saved money on taxes.

"Most business actions produce consequences and most consequences can be foreseen," Dr. Kepner says. "Of course, you have no basis for predicting some. How can you predict that a newly hired vice president will have an unfortunate personality quirk that will clash with an equally unfortunate quirk in the next man you take aboard? However, if you recognize that, like a gun, a decision may be loaded, you will search for potential trouble areas before you go into action."

Look for alternatives

Even if all the facts you have uncovered so far point to a single alternative, don't commit yourself without looking for other possibilities. Many of these may have merit. But even if they don't prove better than the first course you considered, having looked will give assurance that your eventual decision is sound.

Then comes the time to ask which course of action has the best chance of succeeding.

"In evaluating," Dr. Tregoe says, "you are judging each alternative with respect to each factor of purpose, feasibility and consequence that you have recognized. You are, in effect, making a large number of individual judgments.

"In terms of using your production facilities, alternative A may be excellent, B good and C poor. On the next factor, however, A may be only so-so, B excellent and C good.

"You have two tasks: to work out a method of passing relative judgment and to hold all the judgments made in some kind of tally so that vital information is not lost and the best over-all judgment can be made."

Make your decision. It may be a painful one, but if you have thought things through intelligently to this point, it is likely to be the right one.

Setting up controls is the final step in the thinking-through process. It is also one of the most important.

"Having reached what they know

to be a sound decision, some businessmen are inclined to feel, 'That's done; let nature take its course,'" Dr. Kepner says. "This obviously is dangerous. To assure the success of the action you're taking, you must now go back through your thinking and recognize what you are trying to accomplish, the resources you will use, and the consequences you have foreseen.

"Then you set up controls that will keep you on the track and guard against possible failure. At this point you are analyzing problems in advance.

"What can go wrong? What can cause it? What can I do to prevent it? Possible actions can be worked out after such an analysis in much the same way that you thought through the original problem."

When training businessmen to analyze problems and make decisions, Drs. Kepner and Tregoe have some final suggestions:

Don't be impulsive. The chances of your coming a cropper are too great.

Don't take a "don't just stand there—do something" line. Nothing is gained by doing something if it doesn't contribute to the desired end. And you can't tell whether it will contribute if you don't first decide what needs to be done.

Get the information you need. This takes self-discipline. You may have to tighten the reins on your subordinates. But remember that complete information is the raw material of management. Without it you can't make good decisions.

Don't build a case for a phony conclusion. Take a hard, objective view. There must be a simple, logical explanation for every problem, some defensible rationale for every decision. If you jump to a conclusion, become enamored of it, and manufacture a case for it, you will only lead yourself to impasses.

Be wary of committee thinking but don't avoid it. Committee thinking is dangerous when the members simply arrive at common acceptance of a poorly-thought-out position. In too many committees loud talk takes the place of careful thought. But sound decisions can come out of committee effort if you force a rigorous thinking pattern.

—STANLEY SCHULER

REPRINTS of "Think Things Through" may be obtained for 25 cents a copy, \$12 per 100, or \$90 per 1,000 postpaid from *Nation's Business*, 1615 H St., N.W., Washington 6, D.C. Please enclose remittance.

SIX AT THE COST OF FIVE

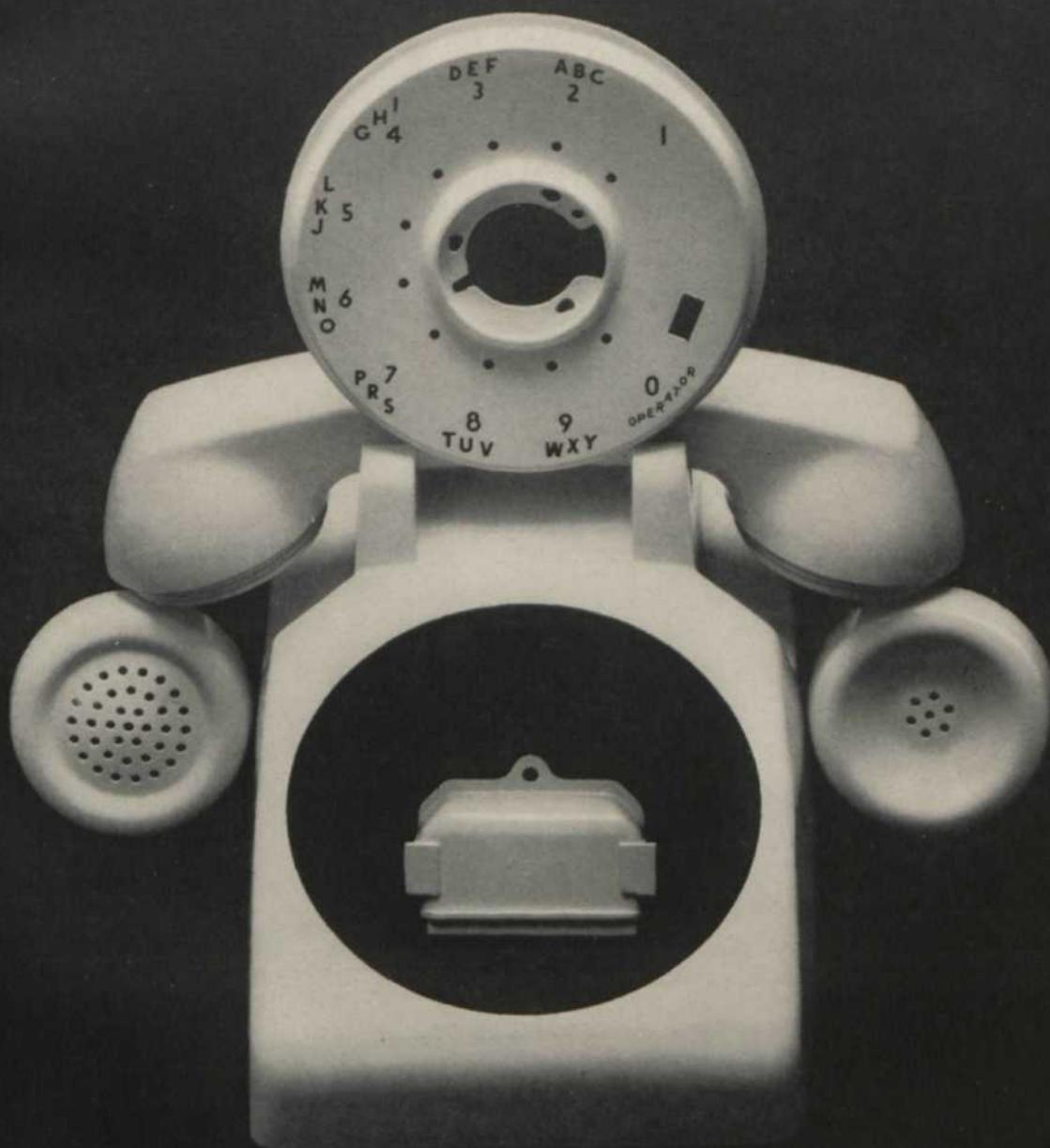
The need to keep operating costs down is acute today. At Western Electric, the manufacturing and supply unit of the Bell System, we have maintained a systematic engineering cost reduction program for more than 30 years. Reason: we share in the Bell System's effort to provide the best communications service at the lowest possible cost.

Case in point: by utilizing a new, less costly plastic for telephone sets, Western Electric engineers were able to produce six sets of parts at the cost of five with the previous material.

Considering that about eight million Bell telephones were manufactured by Western Electric last year alone, savings of even a few

cents a unit are highly significant.

Our continuing pursuit of new and less expensive materials of equal or better quality for communications products is but one reason why the level of W.E. prices to the Bell telephone companies for the products we make is now about 12% lower than at the beginning of 1950. **WESTERN ELECTRIC**



PROFITS MAKE JOBS

Politicians' anxiety over the high rate of unemployment is justifiable.

By and large, politicians are humane. And they like to show they are. People don't vote for inhumane candidates.

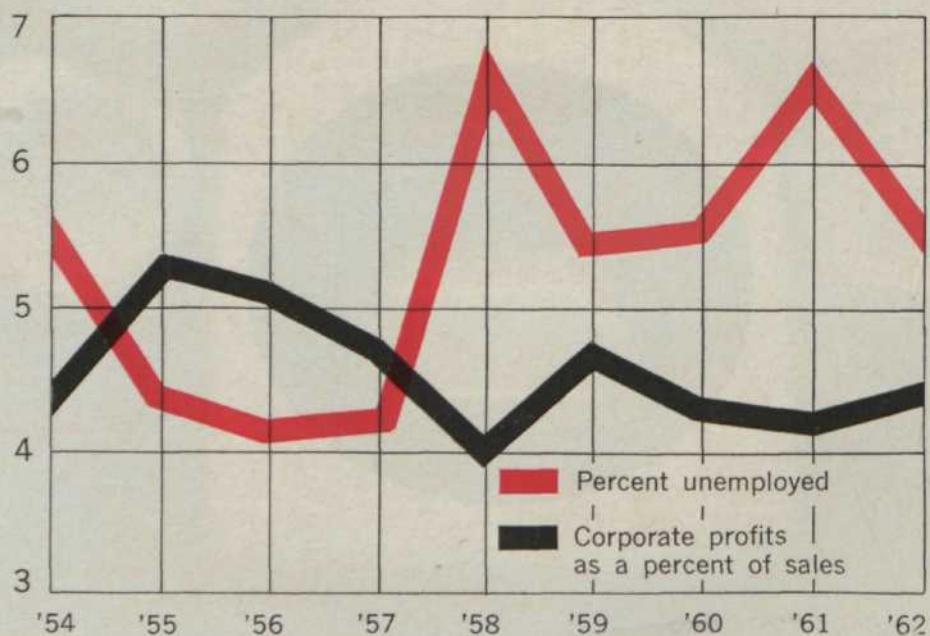
In contrast, politicians are almost apathetic about the low rate of corporate profits. Corporations don't vote.

But the wise lawmaker ought to worry as much about the rate of profits as about the rate of unemployment.

When profits are low, unemployment is high. When profits are high, unemployment is low. In short, profits make jobs.

Profit-squeezing taxes and wage levels make lower profits and higher unemployment.

You can see the relationship. Let's hope the politicians do, too.



NOW, FOR THE FIRST TIME, you can get the strength and stamina of integral frame construction in a low-cost loader tractor. It's the new International 3414, with bucket capacity of $\frac{5}{8}$ cu yd for heavy materials or $1\frac{1}{8}$ cu yd for snow and light materials. Extremely versatile, the 3414 also is easily fitted with mower, rotary sweeper, and other equipment for grounds maintenance. Only International Harvester offers such a wide range of industrial tractors, on wheels or tracks, to match the needs of all industries. For full line catalog, write International Harvester Company, Dept. BN-4, P. O. Box 7333, Chicago 80, Illinois.



INTERNATIONAL
HARVESTER



See what Fond du Lac did with new Amspro Colored Aluminum Paint

Last year, the city of Fond du Lac, Wis., took a critical look at its 40 bridges and some 250 light standards and did something that dressed up the whole town. Within a few weeks, all were decked out in striking, beautiful green—and protected with one of the best outdoor coatings available today.

Fond du Lac applied Amspro Colored Aluminum, a new paint containing rust-inhibiting strontium chromate developed by Amspro Products, Inc., Cleveland, Ohio. Amspro points out that this economical one-coat system requires no primer, thus giving both beauty and protection while keeping labor costs at a minimum. Elmer Bray, director of public works, writes, "We're very pleased with the over-all effect."

Made with Alcoa® Pigments, coatings like Amspro Colored Aluminum seal out moisture, resist corrosion, stand up in any climate. There's a choice of colors, which means you can match roofs and buildings; make tanks, towers and fences harmonize with surroundings; give entire plants uniform good appearance. Spray or roll colored aluminum on virtually any surface—inside or out.

Alcoa does not make aluminum paint, but Alcoa Pigments are used in all the best brands. Please send the coupon today for our booklets on maintenance.

Aluminum Company of America
1706-H Alcoa Building, Pittsburgh 19, Pa.

Please send your free booklets:

Painting With Aluminum In Color
 Aluminum Asphalt Roof Coatings (New)

Name _____

Company _____

Address _____

City _____ Zone _____ State _____



ALCOA

Entertainment at Its Best... ALCOA PREMIERE Presented by Fred Astaire... Thursday Evenings, ABC-TV